Environment

Annual Report 2007-2008

Alberta

Environmental stewardship is a shared responsibility.

We all have an important role to play to protect our natural resources for future generations.

preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries.

The annual report of the Government of Alberta released June 24, 2008 contains Ministers' accountability statements, the consolidated financial statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Environment contains the Minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **the financial statements of entities making up the ministry including the Department of Environment and the Climate Change and Emissions Management Fund for which the Minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information relating to the trust fund.**

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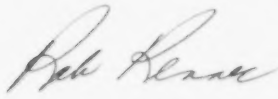
minister's accountability statement

The ministry's annual report for the year ended March 31, 2008, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 26, 2008 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Honourable Rob Renner
Minister of Environment

minister's mandate

In December 2006, Premier Ed Stelmach mandated the Minister of Environment with the following three priorities:

- Update Alberta's climate change plan
- Renew and resource the *Water for Life* strategy
- Address the cumulative effects of development

This mandate carried over into 2007-08 until the Premier appointed a new cabinet.

On March 27, 2008, Premier Stelmach mandated the Minister of Environment to work with the Minister of Energy to ensure Alberta's energy resources are developed in an environmentally sustainable way.

Environment will lead the following initiatives:

- Inform Albertans on our environmental stewardship to ensure a clear provincial, national and international understanding of Alberta's leadership, commitment and action on the environment.
- Implement the climate change strategy, including conservation, energy efficiency and adaptation initiatives.

In addition, the Minister of Environment will lead the following initiatives to assist in achieving the Government of Alberta's collective goals:

- Address the impacts of development on land, air, water and biodiversity, at a regional level, through a cumulative effects management system that is integrated with Alberta's Land-use Framework.
- Manage Alberta's water resources to ensure the province has the quality and quantity of water needed now and into the future to support population and economic growth.

message from the minister

With another year behind us, I want to thank the staff at Alberta Environment and our many partners in and outside of government for a successful year.

In 2006, the Government of Alberta welcomed Premier Stelmach and new mandates for each Minister. As Minister of Environment, I received direction to update Alberta's Climate Change Plan, renew the *Water for Life* strategy and address the cumulative effects of development.

I am pleased to say that we have made progress on all fronts.

In July 2007, Alberta became the first in North America to require greenhouse gas reductions from large industrial facilities. Six months later, we released a practical, meaningful and innovative multi-action climate change strategy, *Alberta's 2008 Climate Change Strategy*.

The renewal of the *Water for Life* strategy is well underway. We drew on the success of the Alberta Water Council and asked them to provide recommendations on updating the strategy.

We also announced the implementation of cumulative effects management across the province, and started cumulative effects management work in Alberta's Industrial Heartland to enforce environmental thresholds and build collaborative partnerships with the regional stakeholders.

In addition to these priorities, we continue to show leadership in all areas of our work. As examples, we released *Too Good to Waste*, Alberta's long-term waste management strategy, and issued the first oil sands reclamation certificate.

Alberta has been in the spotlight this year, nationally and internationally, and we are proud of our work to move our province to the forefront of environmental protection and ensure our continued prosperity.

Honourable Rob Renner
Minister of Environment

management's responsibility for reporting

The Ministry of Environment includes the Department of Environment, the Environmental Appeals Board, and the Climate Change and Emissions Management Fund.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Minister of Environment. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control that give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Environment any information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

Jim Ellis
Deputy Minister of Environment
August 26, 2008

overview

highlights

WATER

To ensure the province continues to enhance and deliver a healthy and sustainable water supply, Alberta Environment asked the Alberta Water Council to review and renew *Water for Life: Alberta's Strategy for Sustainability*. Alberta Environment gave Albertans a good reason to feel confident about their drinking water by launching an online database that provides information about regulated water treatment facilities.

Alberta Environment took important steps to address the mounting pressures on our water supply. Water withdrawal limits for industry were announced for the Industrial Heartland and the lower Athabasca River. The South Saskatchewan River Basin Water Management Plan, approved in 2006, continued to safeguard the water quality and quantity for communities, water users and ecosystems in central and southern Alberta.

CLIMATE CHANGE

In July, Alberta became the first in North America to impose greenhouse gas reductions on large industrial facilities. Alberta Environment led the development of the regulations. The Government of Alberta announced *Alberta's 2008 Climate Change Strategy* in January 2008. This multi-action plan was informed by stakeholders across the province, nation and world, and includes carbon capture and storage, green energy production and incentives to conserve and use energy efficiently.

WASTE

Alberta's continued population growth was the driver for *Too Good to Waste*, Alberta Environment's long-term waste management strategy to manage and reduce material sent to landfills. The multi-sector strategy is a first for the province, and includes new programs specifically targeted to paint, construction and demolition, packaging and the introduction of disposal bans.

CUMULATIVE EFFECTS

Alberta Environment announced the implementation of cumulative effects management to address the regional environmental impacts of development. Cumulative effects management will be in place across the province. Work started in Alberta's Industrial Heartland to enforce environmental thresholds and build collaborative partnerships with the regional stakeholders.

LAND

Alberta Environment continued to support the ongoing reclamation research and work in the oil sands area, and celebrated success by issuing the first oil sands reclamation certificate to Syncrude Canada Ltd. for the 104-hectare parcel of land known as Gateway Hill, approximately 35 kilometres north of Fort McMurray.

FINANCIAL INFORMATION

Ministry voted expenditures were $265.3 million, which is within the total authorized budget that includes supplementary funding to support regional landfill development in the Municipality of Wood Buffalo, a one-time payment to Town of Strathmore and a legal settlement with the Western Irrigation District.

Revenue was $48.9 million, which was $37.1 million higher than the budget of $11.8 million. This is mainly due to contributions by industry to the Climate Change and Emissions Management Fund. The Climate Change and Emissions Management Fund was implemented as a result of legislation to reduce greenhouse gas emissions intensity by large industry. Effective July 1, 2007, Alberta facilities that emit more than 100,000 tonnes of greenhouses gases per year are required to reduce their emissions intensity by 12 per cent.

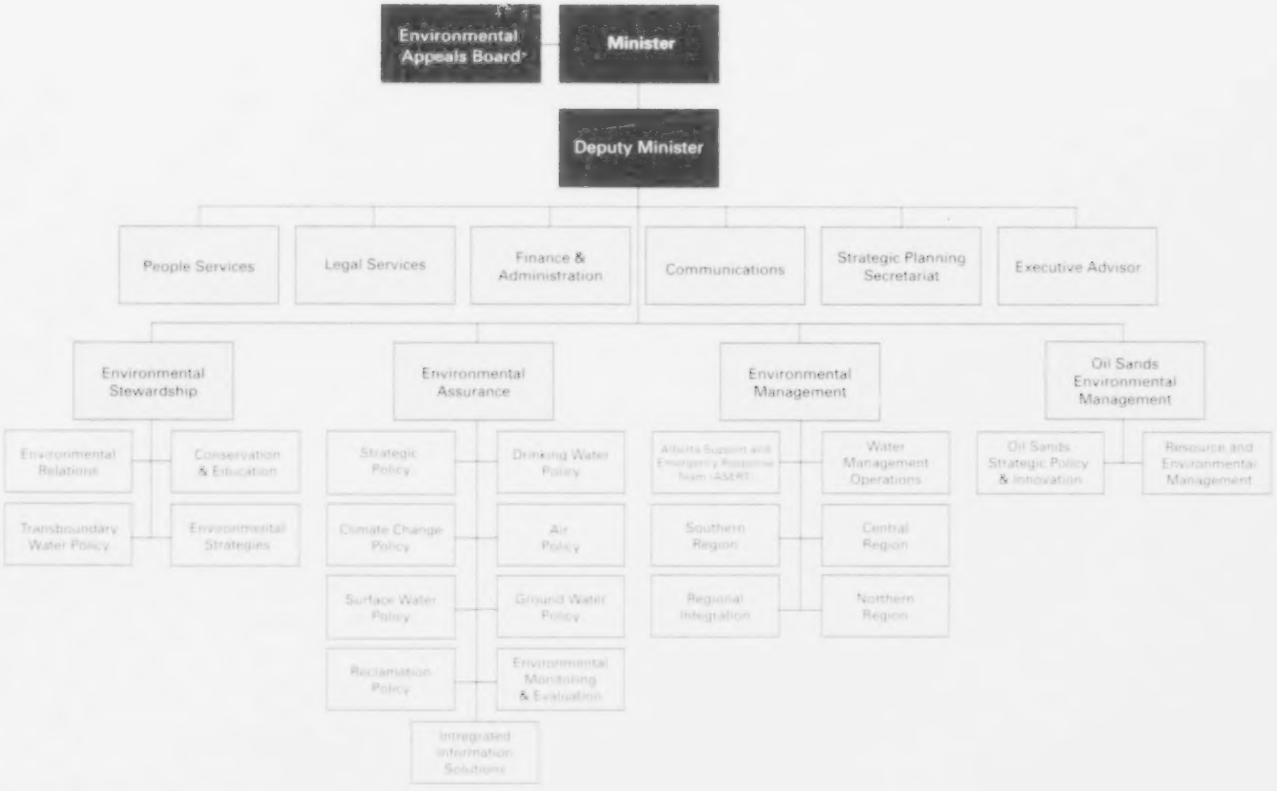
an operational overview

The Ministry of Environment consists of the Department of Environment, the Environmental Appeals Board, which is a quasi-judicial board reporting to the Minister, and the Climate Change and Emissions Management Fund. In addition, three Delegated Administrative Organizations report to the Minister and operate with separate board governance and financial management.

They are the Alberta Recycling Management Authority, the Beverage Container Management Board and the Alberta Used Oil Management Association.

The ministry's authority to carry out its mandate is based on the *Environmental Protection and Enhancement Act*, the *Water Act*, and the *Climate Change and Emissions Management Act*.

ORGANIZATION CHART AS AT MARCH 31, 2008



ENVIRONMENTAL APPEALS BOARD

Steve E. Hrudey, Chair
Phone: 780-427-6207
www.eab.gov.ab.ca

The Environmental Appeals Board (EAB) operates at arm's length from Alberta Environment and reports directly to the Minister of Environment.

The Environmental Appeals Board, consistent with the *Environmental Protection and Enhancement Act* and the *Water Act*, provides fair, impartial and efficient resolution of all matters before it. The Board's goal is to advance the protection, enhancement, and wise use of Alberta's environment.

The EAB was established on September 1, 1993 under Alberta's *Environmental Protection and Enhancement Act*. The EAB hears appeals under the *Environmental Protection and Enhancement Act*, the *Water Act*, and Schedule 5 of the *Government Organization Act*. The EAB has the power to make recommendations to the Minister of Environment, with the Minister making the final decision. On matters relating to requests for confidentiality, stays, costs, administrative penalties and certain matters relating to water works, the EAB makes the final decision. The EAB does not replace or eliminate the right of Albertans to seek judicial review in the courts.

Vision

Promote a high quality of life in Alberta through the timely and thorough review of environmental decisions.

Mission

The Environmental Appeals Board will advance the protection, enhancement and wise use of Alberta's environment by providing fair, impartial and efficient resolution of all matters before it.

The EAB issues its own annual report at www.eab.gov.ab.ca/publications.htm

ALBERTA ENVIRONMENT

Jim Ellis, Deputy Minister
Phone: 780-427-6236
www.environment.alberta.ca

Alberta Environment oversees policies and initiatives associated with air quality, water management, waste management, land reclamation and climate change. Alberta Environment manages the provincial environmental review process, develops cumulative effects management criteria, supports and directs environmental emergency management in cooperation with partners and coordinates public education on conservation and environmental protection. Alberta Environment is also responsible for environmental monitoring and compliance programs to enforce Alberta's environmental legislation and regulations.

Operations and Services

Alberta Environment leads provincial government actions and shares responsibility with all Albertans to protect and enhance Alberta's natural environment. We work with our partners in their communities to ensure Albertans continue to enjoy the clean and healthy environment that is such an important part of our province's natural beauty. To do this effectively, staff are located in communities throughout Alberta. Alberta Environment is led by an Executive Team and is organized into four main business divisions: Environmental Assurance, Environmental Stewardship, Environmental Management and Oil Sands Environmental Management. Executive Team and divisions are in turn supported by People Services, Communications, Legal Services, Finance and Administration, and the Strategic Planning Secretariat.

Executive Team

Jim Ellis, Deputy Minister
Phone: 780-427-6236

The Executive Team provides strategic, supportive and results-oriented leadership. Team members include the Deputy Minister, the leaders of the four main divisions and the five support areas and the Deputy Minister's Executive Advisor and Administrative Assistants. The Executive Team works together serving their governance role by leading a system-based integrated approach, implementing strategic initiatives in a structured and managed way, focusing on doing the right things for the environment and enhancing the ministry's role as environmental leaders.

Ministry Divisions

Environmental Assurance Division

Ernie Hui, Assistant Deputy Minister
Phone: 780-415-8183

Environmental Assurance is focused on policy development, science and support, information management, and monitoring and reporting to facilitate achievement of environmental outcomes and assure that Alberta's environment sustains a high quality of life. Key activities include strategic support to cumulative effects management prototypes such as the Industrial Heartland, development of legislation and completion of plans for greenhouse gas regulation, development and implementation of approaches to manage water quantity, quality and drinking water, science and policy research, environmental monitoring, and improving ministry information management systems and applications to support the assurance role.

Environmental Stewardship Division

Beverly Yee, Assistant Deputy Minister
Phone: 780-427-6247

Environmental Stewardship coordinates the development of major environmental strategies, stewards the relationship and capacity-building efforts required to be successful with Alberta Environment's partners, and leads the department's efforts on conservation, stewardship, education, and outreach. Key activities include Aboriginal and intergovernmental consultation, renewal of the *Water for Life* strategy, management of waste stewardship programs, education and outreach work – including Alberta's One Simple Act program – and transboundary water negotiations.

Environmental Management Division

Rob Penny, Assistant Deputy Minister
Phone: 780-427-1335

The Environmental Management Division develops place-based environment and resource management outcomes, stewards cumulative effects management systems and delivers on the ministry's regulatory mandate under the *Environmental Protection and Enhancement Act* and the *Water Act*. The division is also responsible for operation and maintenance of provincially-owned water management infrastructure, dam safety, flow forecasting, and river engineering. Key activities include the improvement of regulatory services, implementation of basin management plans, coordination of water allocation and management discussions between stakeholders, and development of a regional support team, which provides strategic operational support to all regions for planning, policy, co-ordination, training, and financial support. Other activities include development and implementation of an education and outreach program highlighting the Alberta Support and Emergency Response Team's roles, responsibilities, capabilities, and development of environment and resource management outcomes for southern Alberta and the Industrial Heartland areas.

Oil Sands Environmental Management Division

Jay Nagendran, Assistant Deputy Minister
Phone: 780-644-5024

Oil Sands Environmental Management Division develops placed-based environment and resource management policies with a focus on oil sands development and northeastern Alberta. Key activities include development of environment and resource management outcomes for the oil sands, development and maintenance of partnerships to build stewardship and achieve environmental objectives, influence of oil sands research, and development of policy to ensure the cumulative effects of oil sands development are appropriately managed.

Ministry Support Areas

People Services
Mary Jefferies, Leader
Phone: 780-422-4480

People Services sets the overall strategy for the optimum use of Alberta Environment's most important asset – its people. Through the development of the People Plan, People Services supports the ministry's business plan and strategic priorities. People Services provides advice, guidance and strategic direction for initiatives and activities impacting the people of Alberta Environment. Key activities include planning, coordinating, implementing and evaluating succession management plans, recruitment and classification actions, organizational design processes, organizational and staff development plans, workplace culture initiatives and health and safety strategies.

Communications
Kim Capstick, Director
Phone: 780-427-6267

Communications provides the ministry with quality, coordinated communication resources to build open communication between the ministry and Albertans. The branch provides comprehensive communications support to department initiatives, programs and services. It also works in partnership with government Ministries, other orders of government and community and industry organizations to communicate key events and initiatives. Communications provides strategic communications support for key department actions and serves as a spokesperson for the ministry on corporate issues.

Legal Services
Grant Sprague, Team Lead
Phone: 780-427-3496

Legal Services assists the department in achieving its objectives through the provision of effective legal and related strategic services. Legal specialists are members of legal practice groups, including hearings, contracts, compliance, regulatory tools, working on the *Environmental Protection and Enhancement Act*, the *Freedom of Information and Privacy Act*, the *Climate Change and Emissions Management Act* and the *Water Act*.

Finance and Administration
Mike Dalrymple,
Executive Director and Senior Financial Officer
Phone: 780-427-5022

Finance and Administration provides financial management and administrative services to the department. It leads and supports several department-wide initiatives, including managing requests and inquiries related to the *Freedom of Information and Privacy Act*, records management, accommodations, contract and grant processing and management, financial statements preparation, IMAGIS reporting, budget and forecast preparation, purchase card management and revenue processing.

Strategic Planning Secretariat
Al Sanderson, Acting Director
Phone: 780-422-6656

The Strategic Planning Secretariat identifies environmental trends and key strategic risks and cpportunities and ensures they are incorporated in Alberta Environment's strategic, business and corporate operational plans. The Secretariat provides leadership and support on strategic, business, operational, legislative planning, integrated risk management, performance measurement, program evaluation, project management and strategic intelligence.

key activities in 2007-08

DEPARTMENT INITIATIVES

Being the best resource and environmental managers in the world continues to be a shared commitment by Alberta Environment, Alberta Energy, and Alberta Sustainable Resource Development, the Sustainable Resource and Environmental Management (SREM) ministries.

A review of the SREM approach indicates common themes of leadership, continued cross-ministry collaboration for "real life" learning, enhanced integration, communication and change management. Collaborative processes on the *Water for Life* strategy, the Land-use Framework and the approach to oil sands development illustrates the commitment of the ministries to work together and take joint responsibility.

In delivery of the Minister's mandate, Alberta Environment committed to working together with other ministries, public agencies, private organizations and individuals to identify and achieve the environmental outcomes essential to continued prosperity and a high quality of life in Alberta. This commitment to consultation is a cornerstone to government's long-term approach for sustainable resource and environmental management.

Consultation, described as getting, giving and exchanging information, is a key ministry activity. Refining and further developing our consultative processes with partner ministries and stakeholders underpinned many ministry activities. These processes were key in moving forward on strategic priorities such as updating Alberta's Climate Change Plan and renewing and resourcing the *Water for Life* strategy.

The ministry led the development of a new environment and resource management regulatory framework, the Cumulative Effects Management Framework, to enable sustainable development and address cumulative effects of development on the environment. This involved active listening and engaged discussion with all stakeholders.

A consultative approach was used during the planning and development of a geospatial information framework, policy integration on upstream oil and gas, Government of Alberta environmental stewardship planning and participation in the development of Land-use Framework.

The ministry continued to work in partnership to ensure the province's environment is protected for the well-being of Albertans. Initiatives were developed to facilitate solutions to environmental concerns for the short- and long-term regarding shared responsibility, risk, policy, regulation, incentives and appropriate physical infrastructure.

LEGISLATIVE INITIATIVES

Alberta Environment amended the *Climate Change and Emissions Management Act* and implemented the Specified Gas Emitters Regulation to regulate the emission of greenhouse gases from large industrial sources in Alberta. The amendments were in support of further implementation of Alberta's Climate Change Action Plan.

The ministry introduced Special Acts of the Legislature to improve the safety and security of drinking water for communities in east-central Alberta and in the County of Westlock. These inter-basin transfers of treated water support Alberta's *Water for Life* strategy.

The Bow, Oldman and South Saskatchewan River Basin Water Allocation Order enabled the creation of Crown reservations of water in three of the four basins of the South Saskatchewan River Basin. The three areas were closed to further allocations of surface water, except for a few specified purposes. The regulation supports the South Saskatchewan River Basin Water Management Plan.

Alberta implemented a paint stewardship program that came into effect April 1, 2008. Now, when Albertans buy paint for residential and commercial architectural use, they pay an advance disposal surcharge that ensures sufficient funds are available for a province-wide, effective program for recycling or proper disposal of paint and paint containers. The Paint and Paint Container Designation Regulation supports Alberta's *Too Good to Waste* strategy.

Alberta Environment amended the Waste Control Regulation to designate chemicals used in or arising from the production of methamphetamine as hazardous substances. The amendment simplifies the issuance of Environmental Protection Orders for cleanup, and parties named in the Order are responsible for the costs of cleanup. The amendment supports Recommendation 65 of the Premier's Task Force on Crystal Meth.

results analysis

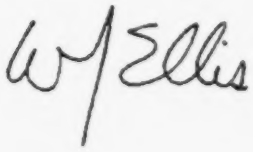
message from the deputy minister

2007-08 was an active and exciting year for Alberta Environment. The mandates given to Alberta Environment's Minister by Premier Ed Stelmach gave the department clear priorities to focus our work. Our successes on these mandated items were due to the expertise and enthusiasm of staff and our many partners.

Collaboration and integration continues to be a strong commitment at Alberta Environment and across the Government of Alberta. With this in mind, I thank our partner ministries, most notably Energy, Sustainable Resource Development, Agriculture and Food, Municipal Affairs and Infrastructure as they all had a hand in contributing to the delivery of our key results.

Our stewardship partners within and outside the Government of Alberta were key in developing and achieving strategic priorities such as *Alberta's 2008 Climate Change Strategy* and they play a decisive role in the renewal of Alberta's *Water for Life* strategy.

This integrated approach will continue as we work towards the government's long-term goals for sustainable environmental management.



Jim Ellis
Deputy Minister

reader's guide

The *Ministry of Environment 2007-08 Annual Report* is the key accountability document relative to the *Ministry of Environment 2007-10 Business Plan*. The Results Analysis section provides a discussion of the results and performance of the ministry during the 2007-08 fiscal year and includes two main parts:

EXPENSE BY CORE BUSINESS

This portion outlines the amount of the total ministry expense directed at achieving each of the three core businesses in 2007-08. An accompanying figure presents each expense amount as a percentage of the total ministry expense, and shows which ministry programs are part of each core business.

DISCUSSION AND ANALYSIS OF RESULTS

This portion provides the progress that has been made on the numerous business plan strategies, as well as the results or planned development for the 14 performance measures that are used to track progress towards achieving the six goals in 2007-08. For each established performance measure, a brief description, the target, the most current results available and a discussion of the results are reported.

Data sources and methodology provide additional information about the composition of the performance measures. Changes to performance measures information are included.

There is an integrated discussion of financial and non-financial information relative to the results achieved and significant events in 2007-08, as well as forward looking information highlighting significant developments that impact the ministry's next business planning cycle.

report of the auditor general on the results of applying specified auditing procedures to performance measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the Ministry of Environment's 2007-2008 Annual Report. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2007. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.

3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Fred J. Dunn FCA

Auditor General

Edmonton, Alberta
July 7, 2008

expense by core business

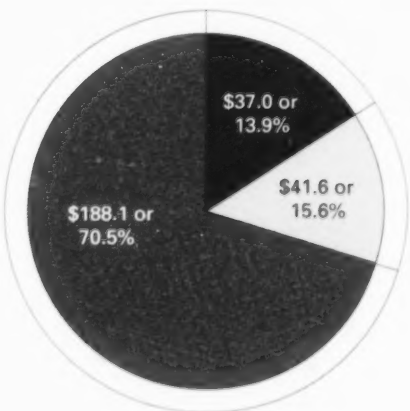
Table 1
Ministry Expense by Core Business

Year ended March 31, 2008
(unaudited)
(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Safeguarding Public and Environmental Health	$ 46,983	$ 37,039	$ 45,053
Leading and Enabling Citizens, Communities, Governments and Industry to be Environmental Stewards	27,214	41,549	29,207
Leading and Supporting the Development and Maintenance of Critical Regulatory Systems and Environmental Infrastructure	90,169	188,130	76,941
Total Ministry Expense	$ 164,366	$ 266,718	$ 151,201

Note: The total ministry expense is included in only one function, Environment.

Figure 1
2007-2008 Ministry Expense by Core Business
(in millions)



Core Business: Safeguarding Public and Environmental Health

Programs

- Drinking Water
- Monitoring and Evaluation
- Standards
- Climate Change
- Innovation and Policy
- Integrated Information Solutions
- Reclamation and Emergency Preparedness

Core Business: Leading and Enabling Citizens, Communities, Governments and Industry to be Environmental Stewards

Programs

- Intergovernmental Relationships and Partnerships
- Educational Awareness
- *Water for Life*

Core Business: Leading and Supporting the Development and Maintenance of Critical Regulatory Systems and Environmental Infrastructure

Programs

- Ministry Support Services
- Integrated Resource Management
- Approvals
- Compliance and Enforcement
- Water Operations
- Emergency Response
- Oil sands Innovation and Policy
- Oil sands Operations
- Amortization of Tangible Capital Assets
- Valuation Adjustments and Other Provisions

integrated results analysis

The Ministry of Environment balanced its budget in 2007-08. The year end expenses for the ministry were within the voted budget. The ministry continued to inform Albertans on environmental stewardship, address the impacts of development on the environment and manage Alberta's water resources to ensure the quality and quantity of water needed now and into the future.

In order to sustain the high quality of Alberta's environment, a new regional approach to cumulative effects management was initiated through a regulatory framework that considers the environmental implications of development on air, water, land and biodiversity. The Cumulative Effects Management Framework implementation began with a pilot project in the Industrial Heartland and a regional cumulative effects assessment of the Athabasca oil sands area.

In 2007-08, the ministry faced financial pressures to address obligations under the Alberta Waste Management Assistance Program. This program fulfills the Government of Alberta's commitment to establish, in partnership with municipalities, regional landfill solutions throughout the province. Through supplementary funding, a capital grant of $15 million was provided to the Municipality of Wood Buffalo to support regional landfill development.

The ministry continues to implement *Water for Life: Alberta's Strategy for Sustainability* to ensure the quality and quantity of water resources. During the year, $5 million was provided to various partnership groups such as Watershed Planning and Advisory Councils, the Alberta Water Council and Watershed Stewardship Groups to support the strategy's key objectives: safe, secure drinking water; healthy aquatic ecosystems; and reliable water supplies for a sustainable economy.

Alberta Environment continues to be fiscally responsible through funding strategies that support the goals and mandates of the province.

COMPARISON OF 2007-08 BUDGET TO 2007-08 ACTUALS

The following provides explanations of the major program variances:

Monitoring and Evaluation

The program expenditures are $4.9 million lower than the budgeted amount. This surplus is due to a change in the ministry reporting structure to better align resources with programs. The realignment of the River Engineering and Flow Forecasting units to the Water Management Operations program integrates the ministry's water related data and management into one program. Another example is a shift of the technology aspect of the Data Management group to the Integrated Information Solutions program.

Innovation and Policy

The program spending was lower than the budgeted amount by $8.1 million due to a reallocation of funding to address strategic ministry priorities in other programs. As a result, a number of Environmental Management staff are reflected under Integrated Resource Management and Approvals.

Integrated Information Solutions

The program spending exceeded the budgeted amount by $4.3 million due to a reallocation of funding to address computing applications and information technology services relating to data management. These resources were reallocated from Monitoring and Evaluation to Integrated Information Solutions as the ministry moved forward on integrating the information and technology agenda. In addition, funding was allocated to support the ministry's infrastructure lifecycle.

Intergovernmental Relationships and Partnerships

The program spending exceeded the budgeted amount by $18.6 million to support regional landfill development in the Municipality of Wood Buffalo and a one-time payment to the Town of Strathmore in support of wastewater operations. A supplementary funding of $18.7 million was approved in March 2008 by the Legislative Assembly of Alberta to cover these grant commitments.

Educational Awareness

The program expenditures are $4.5 million lower than the budgeted amount due to a change in the ministry reporting structure to better align resources with programs. For example, the delivery of programs to reduce solid waste generation through education and partnering opportunities are included under Approvals.

Integrated Resource Management

The program expenditures are $8.2 million higher than the budgeted amount primarily due to additional resources required for developing a new regulatory framework to address the cumulative effects on the environment. This framework supports an Environmental Cumulative Effects Management system that sets desired objectives for environmental quality for air, land and water for managing growth pressures in the province.

Approvals

The program expenditures are $5.8 million higher than the budgeted amount primarily due to additional resources required to address project approvals from oil sands activities and the review and redesign of the regulatory approvals process to streamline regulatory approvals certificates.

Water Operations

The program expenditure for this area is $86.5 million higher than the budgeted amount due to a legal settlement of $85 million with the Western Irrigation District for costs related to constructing, rehabilitating and enhancing irrigation works, as well as to improve water efficiency and address long-term sustainability of the local area. Supplementary funding was provided to cover the costs of this settlement.

COMPARISON OF 2007-08 ACTUALS TO 2006-07 ACTUALS

The following provides explanations of the major program variances:

Innovation and Policy

The program spending in 2007-08 is $9.4 million lower than in 2006-07 due to a reallocation of resources to achieve ministry goals. During the year, the ministry focused on the development of integrated policies, guidelines, and practices, including the development of the Land-use Framework and the improved coordination and integration of inter-departmental operations.

Intergovernmental Relationships and Partnerships

Program spending in 2007-08 is $12.4 million higher than in 2006-07 due to grant payments of $15 million to support regional landfill development in the Municipality of Wood Buffalo related to a specific recommendation in *Investing in Our Future: Responding to Rapid Growth in Oil Sands Development* (the Radke Report). In addition, the ministry provided a one-time payment of $3.7 million to the Town of Strathmore for costs incurred in demonstrating its proposed wastewater operation is protective of the environment.

Educational Awareness

Program spending is $4.5 million lower than in 2006-07 due to a change in the ministry reporting structure to better align resources with programs. Alberta Environment ensures industry, local authorities and the public understand and follow the rules outlined in Alberta's environmental legislation through education and prevention programs reported under Compliance and Enforcement.

Water For Life

The program spending in 2007-08 is $4.5 million higher than in 2006-07. The *Water for Life* strategy continues building on its key goals by working closely with partners such as the Alberta Water Council to review the province's water management policies. Alberta Environment continues to support Watershed Stewardship Groups to improve the condition of local watersheds, share information for planning and reporting and develop solutions to protect watersheds.

Integrated Resource Management

Program spending in 2007-08 is $8.5 million higher than in 2006-07 due to a change in ministry reporting structure to better align resources with programs. These resources were allocated to address ministry priorities such as the establishment of frameworks for cumulative effects management and water management. The Industrial Heartland and Capital Region projects put in place a water management framework to promote water conservation, greater use of reclaimed or recycled water and minimizing the impact on the North Saskatchewan River.

Approvals

Program spending in 2007-08 is $6.9 million higher than in 2006-07 due to a change in ministry reporting structure to better align resources with programs. These resources were allocated to address environmental impact assessments and regulatory reviews due to increased oil sands activity.

Water Operations

The program expenditure for this area is $89.1 million higher than in 2006-07 due to a legal settlement of $85 million with the Western Irrigation District for costs related to constructing, rehabilitating and enhancing irrigation works.

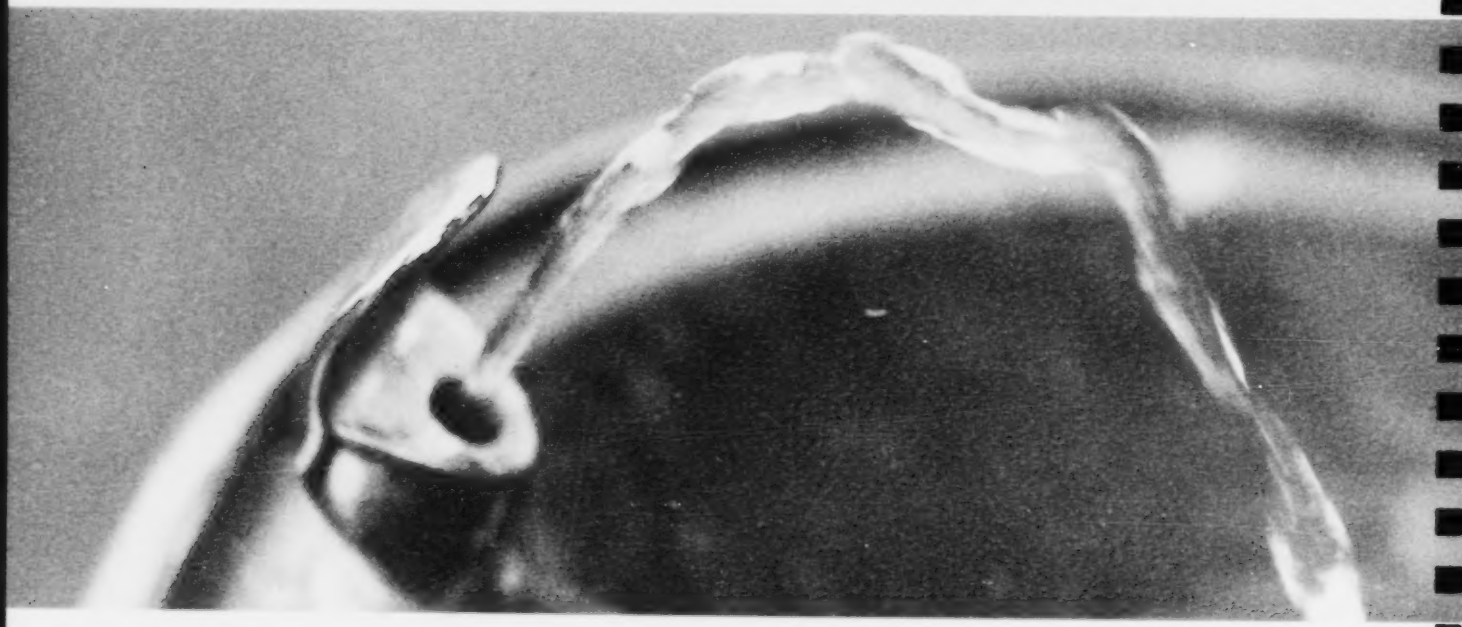
discussion and analysis of results

Core Business One – Safeguarding Public and Environmental Health

Alberta Environment is committed to working with partners to ensure safe, secure supplies of drinking water for all Albertans. The ministry does this by setting standards, approving waterworks systems, promoting best practices and providing education, training and certifying operators, monitoring performance, inspecting facilities, enforcing facility approvals and legislation and taking an overall systems approach in its oversight role.

Assessing water supply systems in 2007-08 allowed Alberta Environment and its partners to identify and find solutions to some emerging supply issues. For example, effective March 2008, emergency cover-off and technical assistance is available to utility providers in Alberta's smaller communities through the Operational Assistance Pilot Program. As a result, Albertans living in smaller communities can be assured of high quality water treatment systems operation by certified operators at all times.

New provincial legislation was drafted in 2007 to allow the interbasin transfer of water from the Town of Westlock to the Hamlet of Vimy and Village of Clyde and to allow an interbasin transfer between the Town of Stettler and east central Alberta communities. The transfers will ensure that Albertans in those areas continue to have access to treated municipal water for household, stock watering and light commercial use.



GOAL ONE The ministry has effective risk management, preparation and responses to events and emerging and complex issues

Alberta Environment worked with partners to identify and plan for effective management of environmental risks that could potentially impact Albertans. A flood response plan and water shortage management plan were developed for southern Alberta. To help the ministry manage strategic and emerging issues, an integrated risk management approach was implemented at a corporate level and a scenario planning workshop was used to examine longer-term issues. Preparation began for implementing risk management at operational levels. In risk management for ongoing environmental issues, some advances and opportunities in monitoring environmental quality were studied. Research results from coalbed methane studies to identify the potential risks to groundwater from coalbed methane development were reviewed. An initial risk assessment of groundwater resources was also completed to identify needs and opportunities for enhanced groundwater management.

A climate change vulnerability assessment was completed, which considers economic, social and biophysical aspects of climate change. A strategy to help Albertans, communities and sectors adapt to the impact of climate change began.

The Alberta Support and Emergency Response Team (ASERT) participated in flood planning, ice break-up coordination and responded to spills and releases of contaminants. In 2007, more than 1,300 calls were handled by ASERT. An assessment was done on all these calls, however in 120 of these calls, ASERT deployed to assess and assist in resolving the incident. ASERT also met with partners from across government and industry within the emergency management field. Developing these key relationships is paramount to build a successful environmental emergency management structure in Alberta.

GOAL ONE PERFORMANCE MEASURES

1A. Drinking Water Safety Indicator

The Drinking Water Safety Indicator measures the ability of regulated facilities to provide safe drinking water to Albertans. The indicator is comprised of three sub-measures that demonstrate continuous improvement of facilities and their operations:

- **Facility Design Standards**
  The per cent of facilities meeting current design standards (1997 or 2006, as applicable).
- **Facility Operational Requirements**
  The number of incidents where regulatory requirements have not been met that could lead to water quality incidents.
- **Water Quality**
  The number of water quality incidents.

This measure demonstrates the success of Alberta's drinking water program, ensuring Albertans continue to enjoy safe drinking water.

Target

- Facility Design Standards: 84 per cent
- Facility Operational Requirements: 20
- Water Quality: 40

Results

While results show improvement in the infrastructure of regulated drinking water facilities, they also indicate challenges related to facility operation and resulting water quality.

Facility Design Standards

Eighty-five per cent of regulated systems had treatment technology in place meeting current facility design standards. This is an improvement in water quality technology at four per cent of facilities over the previous year. The remaining facilities meet an older standard and will require upgrading over time.

Facility Operational Requirements

Compliance with facility operational requirements saw an increase in the number of incidents in 2007-08, with 46 incidents in 35 facilities. These results did not meet the target of 20 incidents. Initiatives such as the Operational Assistance Pilot Program and regional operator consortiums have been developed and implemented to assist facility operators in dealing with operational challenges to reduce the number of incidents.

Water Quality

Forty-eight water quality incidents occurred at 46 facilities. The number of incidents increased over the previous year, as did the number of facilities where these incidents occurred, with the increase resulting from operational challenges. Advisories were issued where necessary and Alberta Environment staff assisted in addressing the problems. The initiatives to continue upgrading facilities and address the operational challenges should reduce these incidents in the future.

Table 2
Drinking Water Safety Indicator

Facility Design Standards	**2005-06**	**2006-07**	**2007-08**
Number of Regulated Facilities	554	567	583
• Per cent of Facilities Meeting Current Standards (1997 or 2006, as applicable)	78%	81%	85%
• Per cent of Facilities Meeting Pre-1997 Standards	22%	19%	15%

Facility Operational Requirements	**2005-06**	**2006-07**	**2007-08**
Number of Incidents	35	35	46
Number of Facilities Where Incidents Occurred	28	28	35

Water Quality	**2005-06**	**2006-07**	**2007-08**
Number of Incidents Where Health Related Limits Were Exceeded	60	43	48
Number of Facilities Where Health Related Limits Were Exceeded	51	40	46

1B. Environmental Emergencies Response Indicator

(Under Development)

Measures the response by Alberta Environment Support and Emergency Response Team to environmental emergencies within established timelines.

GOAL TWO The ministry and its partners have the required policies and programs to achieve the Government of Alberta environmental outcomes

Alberta's 2008 Climate Change Strategy was developed through extensive consultation with Albertans and with advice from international experts. The plan is based on carbon capture and storage, energy conservation and efficiency and greening energy production. Alberta is the first in North America to introduce legislation for mandatory greenhouse gas emissions reduction across sectors and institute an emissions levy.

Alberta Environment represented Alberta at the United Nations Convention on Climate Change meeting in Bali, sharing its approach to climate change and emphasing alignment between Alberta's strategy and the climate change plans of other jurisdictions.

The ministry continued its partnership with British Columbia to harmonize environmental management practices under the Alberta/B.C. Harmonization initiative.

In conjunction with provincial, territorial, and federal partners through the Canadian Council of Ministers of the Environment, the ministry developed new shared strategies and guidelines for standards seeking to harmonize regulation across Canada. Key results in 2007-08 include developing a Municipal Wastewater Strategy and responding to the federal government's *Turning the Corner: An Action Plan to Reduce Greenhouse Gases and Air Pollution*.

The ministries of Environment, Energy and Sustainable Resource Development supported the Multi-Stakeholder Committee to consult with Albertans on the development of Alberta's oil sands and began to implement the recommendations of the final reports released in July 2007. During the year, Alberta Environment engaged world class experts to develop and implement a comprehensive environmental management framework for the oil sands. Groundwork began and is continuing on a cumulative effects management system for the Athabasca Oil Sands Area, a review of the Cumulative Environmental Management Association (CEMA), and a new regional scale environmental assessment. Discussions are also ongoing to ensure alignment of oil sands development strategies and management systems with the Alberta government's direction on climate change, water, clean air, land use and biodiversity.

Alberta Environment continued to work with partners to develop and implement an integrated environmental monitoring and reporting program to support cumulative effects management. Work is ongoing with CEMA to develop a regional groundwater monitoring program for the Athabasca oil sands area to further surface water management objectives for the Athabasca River.

Policy development commenced to address air quality and emissions guidelines specific to oil sands development. Alberta Environment contributed to the Capital Region Integrated Growth Management Plan, using a cumulative effects approach to address impacts in the Industrial Heartland area. The regional plan set targets for air quality and water management to ensure water quality and quantity are protected. The Water Management Framework for the *Industrial Heartland and Capital Region Report* is the result of consultation, collaboration and future-focused planning of growth by Alberta Environment, industry, municipalities, and representatives from municipal water and wastewater treatment facilities and the North Saskatchewan Watershed Alliance.

Alberta Environment collaborated extensively with the lead ministry, Sustainable Resource Development, as well as with other partner ministries on development of the Land-use Framework. The Land-use Framework is a strategic blueprint for decision-making to assist all levels of government to balance opportunities, responsible growth and consideration for the environment. This is one of several examples of ongoing collaboration to address collective goals outlined in the Minister's mandate.

Alberta Environment worked with other ministries to identify issues and priorities to improve environmental and natural resource management coordination at policy and action levels. Work continued on upstream oil and gas policy coordination and senior officials ensured that ministry staff worked together on shared initiatives, such as the Land-use Framework, geospatial information system development, water conservation policy and energy conservation initiatives. Legislative plans were also shared across ministries.

A key change affecting water management in southern Alberta basins occurred in 2006-07 with the approval of the South Saskatchewan River Basin (SSRB) Water Management Plan. The plan set a new framework for the management of water supplies in southern Alberta. Implementation of the plan began in 2007 and is ongoing. A water shortage management plan has been developed that describes the four stages of response to a water shortage. The Urban Water Security project has been developed to facilitate the discussion of Water Conservation Standards with the public. To increase public information about water in the southern basins, a web based portal The Water License Viewer and SSRB Portal was developed and is online. Water conservation objectives have been calculated for the Bow, Oldman and South Saskatchewan Rivers, and a coordinated process was developed to resolve total loading issues in the Bow. Preliminary work has also been done to assess the need for specific tools for water management.

The ministry began development of new water policies for water allocation and the beneficial use of water.

Data continued to be collected for development of performance measures on the environment and fisheries. Supporting *Water for Life* goals, the information will also be used for instream flow needs assessments on the Athabasca, South Heart and Lesser Slave Rivers. An integrated environmental monitoring program for air, water and land continued to be developed with the participation of partners both internal and external to government.

Education and awareness programs continued to be an important part of encouraging environmental stewardship. To complement existing programs, the ministry reviewed, renewed and began to implement a ministry-wide education framework that relies heavily on the use of education as an environmental management tool. For example, the compliance assurance education strategy was reviewed with expert advice. Pilot projects and work to enhance the existing strategy began.

In addition, a grant was provided to the Alberta Environmental Network to strengthen its ability to participate in Government of Alberta policy and planning processes.

Staff capability was enhanced through department-wide initiatives that enabled employees to be "ready, willing and able" to help the ministry achieve its mission and goals. Organizational alignment was implemented through workforce planning. Workshops were held to enhance managing performance, and a health and safety audit was conducted. Developing leadership and policy capacity and linking staff to learning and development opportunities through a virtual learning site were key areas of focus. Shared learning opportunities were also offered to staff in partner ministries.

GOAL TWO PERFORMANCE MEASURES

2A. Policy Integration Indicator

(Under Development)

Measures the percentage of proposed government policies and programs that have been assessed/developed to ensure policy alignment among resource and environmental management ministries.

2B. Policy Capacity Indicator

(Under Development)

Measures the percentage of ministry staff and partners that have received policy training.

Core Business Two – Leading and Enabling Citizens, Communities, Governments and Industry to be Environmental Stewards

Changing marketing and packaging practices can affect the amount and types of materials Albertans buy, build, use, reuse, recycle and ultimately dispose of. This creates an increasing challenge for communities, citizens and governments to work together to manage solid wastes.

In October 2007, the Government of Alberta released a new waste strategy, *Too Good to Waste*. Actions taken under the strategy will reduce material heading to landfills, helping to protect air, land, water and human health. The first action in the strategy is a new paint stewardship program that will enable Albertans to recycle used or leftover paint.

Other actions outlined in *Too Good to Waste* include a construction and demolition program, targeted disposal bans and a paper and packaging program, all aiming at significantly reducing the amount of waste sent to municipal landfills. In addition, the beverage container recycling regulation was reviewed.

GOAL THREE Albertans are aware of and understand existing and emerging environmental threats and opportunities

Alberta Environment is committed to sharing information with Albertans about important and emerging issues such as climate change and water management. The ministry and its partners consulted with Albertans when developing major policy, including consultations on the climate change plan, *Too Good to Waste*, the *Water for Life* strategy renewal and in planning many ongoing projects and initiatives. As part of the waste strategy, development of a stewardship program for construction and demolition materials continued in partnership with the Canadian Home Builders' Association-Alberta Chapter and the Alberta Construction Association. Listening to Albertans' concerns and learning about what outcomes are important to them helps the ministry and government develop environmental policy that is balanced, responsive to emerging issues and achievable.

In November 2007, Alberta Environment released two new water information reports that offer insight into Alberta's water resources. The report titled *Current and Future Water Use in Alberta* provides estimates of water used in the province during 2005, summarized by sector and by river basin, and projects future water use to 2025. The second report, *Information synthesis and initial assessment of the status and health of aquatic ecosystems in Alberta: surface water quality, sediment quality and non-fish biota*, and its accompanying summary report, provide an initial assessment of the status of aquatic ecosystems in the province.

The Alberta Water Council released its 2005-06 *Water for Life* Implementation Review Report. The secretariat of the Alberta Water Council was successfully established as an independent society with its own staff and offices. The Coalbed Methane Multi-stakeholder Advisory Committee (MSAC) completed a report on the progress of implementing MSAC recommendations. The Alberta Water Council continues providing advice about key water policy areas including wetlands, intrabasin movement of water and shared governance.

The Alberta Environment Information Centre continued to provide information to Albertans in-person, by telephone and online. In addition, the ministry co-sponsored and participated in public forums such as Environment Week events throughout Alberta. In 2007, a recycling information line was developed and implemented in cooperation with the Environmental Services Association. To promote Environment Week, a new online program called Green Stops was added. Green Stops features a central online registry for event organizers and makes banners and promotional material to educate, empower and engage Albertans during Environment Week accessible. As well, water quality information on regulated drinking water was made available to the public through a ministry website and the Water License Reviewer and SSRB Portal was activated.

Through Alberta's Environment Support and Emergency Response Team, the ministry has delivered an extensive set of outreach activities with emergency response partners and the public to increase awareness of environmental emergency response issues. Flood risk information continued to be made available to key stakeholders and the public through 2007-08, through the River Forecasting Centre Hotsite.

Work began on a program to promote environmental stewardship in communities across Alberta. Outreach will start with delivery of information and training in the summer of 2008.

The Clean Air Strategic Alliance (CASA), in partnership with the ministry, developed plans to consult with Alberta stakeholders to create a new comprehensive Air Quality Strategy. Sharing information about air quality issues is an important part of the project, which is ongoing into 2008-09.

Regulations and policies under the *Drainage Districts Act* were reviewed in consultation with public stakeholders and Alberta Agriculture and Rural Development (formerly Alberta Agriculture and Food). In partnership with Sustainable Resource Development and with input from stakeholders, a plan was developed for Buffalo Lake Integrated Shorelands Management.

The education program Working Well continued to be delivered in conjunction with partners to water well owners to ensure safe and secure drinking water. The program includes information on proper well water operation, maintenance and monitoring to protect groundwater supplies.

The Youth Environmental Stewardship Program was initiated to engage youth through a website featuring social networking and online forums. The program encourages young people to develop, lead and implement environmental stewardship activities.

Alberta Environment began building a new government-wide website on Alberta's oil sands. The site will ensure transparent and timely access to information on oil sands development. Information concerning environmental, social and economic issues is shared to promote improved environmental awareness, stewardship and action.

GOAL THREE PERFORMANCE MEASURE

3A. Annual Public Opinion Survey

(Under Development)

Measures Albertans' awareness and understanding of environmental issues, State of the Environment trends, priorities and actions.

GOAL FOUR Communities, governments and industry support stewardship of the environment through innovative initiatives

The Alberta Water Council (AWC) and the Minister of Environment launched the renewal engagement process of Alberta's *Water for Life* strategy in June 2007. The AWC Renewal Recommendations Report was completed and released in January 2008. Finalization of the renewed strategy and implementation is ongoing into 2008-09.

Alberta Environment worked with other ministries to support shared environmental stewardship across government. Projects included development of the provincial Land-use Framework, work on a CO_2 pipeline strategy, the review of the environmental approvals process and a cross-ministry workshop to identify emerging strategic challenges for environment and natural resource management. The development of the Geographic Environmental Information Framework to enhance information for cumulative effects management is another example of cross-government stewardship.

In January 2008, the Alberta government and the Chiefs of Treaty 6, represented by the Yellowhead Tribal Council and Tribal Chief Ventures, entered into an historic agreement on the stewardship of the environment. The stewardship Memorandum of Understanding lays out how both parties can work collaboratively to enhance the stewardship of Alberta's environment. The Alberta government will help build capacity within each tribal council and provide resources to assist in implementing activities and actions undertaken within this agreement. Eleven bands within Treaty 6 are participating in the agreement: Alexander First Nation, Enoch Cree Nation, Alexis Nakota Sioux, O'Chiese First Nation, Sunchild First Nation, Kehewin Cree Nation, Heart Lake First Nation, Beaver Lake Cree Nation, Goodfish First Nation, Frog Lake First Nation and Cold Lake First Nation.

Alberta Environment worked with the Clean Air Strategic Alliance (CASA) to develop a renewed and comprehensive air quality strategy. To further increase the capacity of the ministry to support CASA initiatives, a cross-ministry coordinating committee was assembled to provide integrated and coordinated input into CASA initiatives in addition to the Clean Air Strategy.

In response to recommendations from two public consultation reports, *Investing in our Future: Responding to the Rapid Growth of Oil Sands Development* and the *Oil Sands Consultations Multi-stakeholder Committee Final Report*, Alberta Environment, with Alberta Sustainable Resource Development and Alberta Energy, began an independent evaluation of the Cumulative Environmental Management Association (CEMA). The review focused on CEMA's efficiency and timeliness in developing recommendations, as well as on ways to improve the Government of Alberta's participation on CEMA.

In addition, Alberta Environment worked with CEMA on the development and implementation of a regional groundwater monitoring program in the Athabasca oil sands area. This is a multi-year initiative aimed at improving knowledge of groundwater resources and improving the regional monitoring network to strengthen the protection and management of groundwater resources.

The ministry and CEMA are also collaborating on the development of the Athabasca River Water Management Framework – Phase 2. Alberta Environment, with the federal Department of Fisheries and Oceans, led the delivery of Phase 1 in early 2007. Phase 2, led by CEMA, got underway in 2007-08.

The ministry received an Emerald award for its approach to developing and managing waste stewardship programs. With the high quality of services being provided to Alberta by partners such as the Alberta Water Council, Watershed Planning Advisory Councils, Airshed Associations, CASA and recycling delegated authorities, the ministry continued to demonstrate the value of shared stewardship. Increasingly, ministry partners are taking the lead role: CASA led the renewal of Alberta's Clean Air Strategy and the Alberta Water Council led the renewal of the *Water for Life* strategy.

Ongoing water knowledge expertise was provided to watershed planning advisory committees and water stewardship groups to assist them in planning, monitoring and evaluating their programs. Guiding water stewardship, Alberta Environment hosted the Dam Safety Workshop 2007 in October. This was an opportunity for dam owners, operators and consultants in Alberta to meet and discuss issues related to dam safety. Water stewardship activities engaged partners in basin planning, in setting outcomes (for example, instream flow needs for the Lower Athabasca and water outcomes for the Industrial Heartland), in monitoring lake water quality and in developing a groundwater monitoring program for the Fort McMurray North area. Other ongoing water stewardship initiatives are listed on Alberta Environment's website, under "Getting Involved."

In October 2007, Alberta opened its first air monitoring station powered by solar and wind energy. The station, operated by the West Central Airshed Society, provides background data to help manage air quality in the province, and serves as a model for other jurisdictions needing reliable air monitoring stations in remote areas. It is one of 127 air monitoring stations in Alberta.

GOAL FOUR PERFORMANCE MEASURES

4A. Beverage Container Return Rate

Recycling is a major way for Albertans to take part in caring for the environment. The Beverage Container Return Rate measures the return rate of beverage containers each year based on sales and returns. The Beverage Container Return Rate is the primary measure of performance for the Beverage Container Management Board.

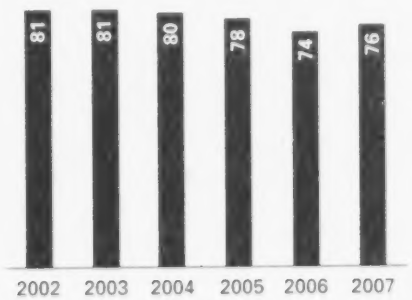
Target

- 85 per cent

Results

It was another record year for containers being returned by Albertans in 2007. There was an increase in the return rate, which had been consistently falling since 2004. Although short of the 85 per cent target, the trend reversed and is starting to improve from 74.2 per cent to 76.0 per cent. The number of containers returned increased by more than 109 million containers, which represents the greatest year-to-year increase ever attained in the system. Higher sales volumes, increasing population and a strong Alberta economy have contributed to the improvement in return volumes. This increase is very encouraging and is clearly representative of the commitment Albertans have regarding the need to recycle empty beverage containers.

Figure 2
Beverage Container Return Rate (percentage)



4B. Used Oil Recovery Rate

The Used Oil Recovery Rate measures the amount of used oil recovered each year as a percentage of the estimated volume of recoverable oil. The Used Oil Recovery Rate is a primary measure of performance for the Alberta Used Oil Management Association.

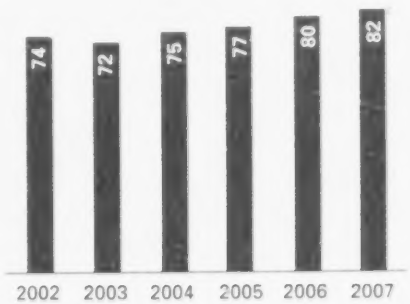
Target

- 77 per cent

Results

In 2007, 82 per cent of the used oil available for recycling was recovered, exceeding the target by five per cent. The largest contributors to this result are the strong provincial economy and excellent coverage of the growth sectors by the program. There has also been an overall increase in awareness of the program.

Figure 3
Used Oil Recovery Rate (percentage)



4C. Municipal Solid Waste to Landfills

The amount of municipal solid waste to landfills indicates Alberta's progress toward continuous reduction as measured in kilograms of waste per capita.

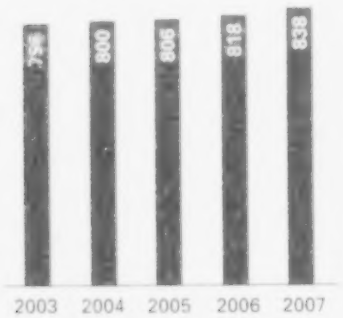
Target

- 800 kilograms per capita

Results

Municipal solid waste disposed in landfills increased from 818 kilograms per capita in 2006 to 838 kilograms per capita in 2007. The increase is a reflection of Alberta's continued robust economy, as it includes waste from the residential sector, the industrial, commercial and institutional sector and the construction, renovation and demolition sectors. Initiatives currently under development, such as the Construction and Demolition Waste Reduction and Diversion Program, programs for packaging and printed material, organics and other key waste streams, will assist in meeting future targets.

Figure 4
Municipal Solid Waste to Landfills (kilograms per capita)



4D. Electronic Recycling

The volume of electronics processed is a measure of performance used by Alberta Recycling. Electronic Recycling measures the total tonnage of electronics collected and processed annually. Targets are set to achieve maximum recoverable volumes.

Target

- 11,386 tonnes

Results

For the 2007-08 fiscal year, the actual volume of electronics processed was 9,428 tonnes. The lower than projected volume was primarily due to start-up delays in processing the existing stockpile of electronics.

Figure 5
Electronics Recycling (tonnes)

4E. Tire Recycling

The volume of tires processed is a measure of performance used by Alberta Recycling. The actual volume processed is measured against volumetric targets set in the business plan. Tire Recycling measures the total tonnage of scrap tires collected and processed annually. Targets are set to achieve maximum recoverable volumes.

Target

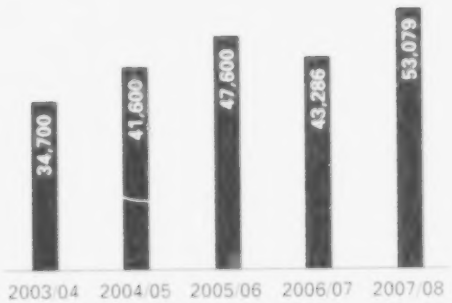
- 45,800 tonnes

Results

For the 2007-08 fiscal year, the actual tonnes of tires processed were 53,079.

This increase of almost 16 per cent above the target was due in large part to the strength of the Alberta economy, including population growth over the past several years.

Figure 6
Tire Recycling
(tonnes)



4F. Per Cent of Albertans that Describe Themselves as Actively Engaged in Energy, Waste or Water Conservation

(Under Development)

Measures percentage of respondents who describe themselves as active in energy conservation, water conservation or waste conservation.

4G. Industries/Companies Implementing Stewardship

(Under Development)

Measures the number of industries and companies demonstrating that they are practicing environmental stewardship.

Core Business Three – Leading and Supporting the Development and Maintenance of Critical Regulatory Systems and Environmental Infrastructure

On October 2, 2007, the Alberta government unveiled a broad new approach to address cumulative effects on the environment, with the first application of the plan set for the Industrial Heartland, a 470-square-kilometre area northeast of Edmonton. Under the new approach, a series of comprehensive, science-based targets, outcomes and actions were set to protect the air, land and water of the Capital Region.

The new framework moves away from looking at impacts of development on a project-by-project basis to a system that considers all the potential impacts within a region. As every landscape can be different, the approach allows for adaptation to meet the immediate needs of a region, like the Industrial Heartland.

The plan for the Industrial Heartland lays out clear targets for air quality, puts in place a water management framework to ensure water quality and quantity are protected and establishes guidelines to protect the land in the region. The targets, outcomes and actions apply to all major industrial users in the region related to cumulative airshed targets, science-based thresholds, baseline data and limits on 100 different parameters for water quantity and quality, protection of regional wetlands and groundwater and land reclamation. Mitigation of any potential harmful changes to wildlife or habitat also required minimum setbacks from the North Saskatchewan River.

The new approach was applied to help manage growth pressures and the environment in the oil sands. Some elements of the approach were used with respect to the oil sands in the Athabasca River Water Management Framework. The framework sets strict limits on the amount of water oil sands companies can remove from the river, protecting the river ecosystem and balancing the needs of local communities and industry.

GOAL FIVE Environmental infrastructure is developed and sustained to meet the Government of Alberta needs

Alberta Environment worked with municipalities and other ministries to promote the development of regional drinking water and wastewater systems to better manage growth pressures. As part of the *Water for Life* strategy, a study was completed to provide an initial assessment of potential water storage sites.

In partnership with Energy and Sustainable Resource Development, the ministry began to develop a cross-ministry geo-spatial information framework and single access portal providing integrated land information and contributing to decision-making processes.

Alberta Environment continued to work in partnership with other ministries and the Capital Plan to rehabilitate and maintain provincially owned water management infrastructure. This entails a significant capital investment by the Government of Alberta. Alberta Environment monitors and assesses infrastructure needs on an ongoing basis to ensure long-term sustainability of our provincial water management infrastructure.

GOAL FIVE PERFORMANCE MEASURE

5A. Effective Water Management Infrastructure

Effective Water Management Infrastructure (EWMI) includes physical assets such as dams, canals, and control structures. It measures the three aspects of provincially owned and operated water management infrastructure as required by the government's Capital Planning Initiative (CPI). Reporting of various levels of infrastructure performance for each measure in EWMI is based on the percentage of the replacement value of the infrastructure being assessed.

Quality infrastructure is a key factor in ensuring a clean and safe environment and is an essential building block to support economic development.

- **Physical Condition**
  Assessment of the state of physical fitness or readiness for use, based on established standards for the type of infrastructure asset. The physical condition is a critical factor involved in the decision to maintain, rehabilitate, or replace the infrastructure.
- **Functional Adequacy**
  Assessment of whether the asset is able to meet program requirements or provide an adequate level of service. While the asset may be in good physical condition with sufficient available capacity to meet demand, poor physical layout, inefficient design or inability to meet code requirements can make it functionally inadequate.
- **Utilization**
  Assessment of the ability of an asset to carry out its intended function based on current standards or practices, independent of physical condition. Significant over-utilization or under-utilization may indicate the need to construct, reconstruct, rehabilitate, dispose or reevaluate the need for the asset.

Target

- Physical Condition: Good – 93.0 per cent, Fair – 7.0 per cent, Poor – 0.0 per cent
- Functional Adequacy: 95.0 per cent
- Utilization: 99.0 per cent

Results

The effectiveness of the province's water management infrastructure continued to be high in 2007-08.

Physical Condition – In 2007-08, the percentage of the province's water management infrastructure in "good" physical condition was 96.5 per cent. This is a decrease of 0.5 per cent from the previous year, but exceeds the target of 93.0 per cent.

Functional Adequacy – The percentage of assets determined functionally adequate in 2007-08 is 95.1 per cent, exceeding our target of 95.0 per cent.

Utilization – "Good" utilization of water management infrastructure continued to be very high in 2007-08 at 99.8 per cent. This exceeds our target of 99.0 per cent.

Table 3
Effective Water Management Infrastructure

Physical Condition	**2005-06**	**2006-07**	**2007-08**
Good	95.5%	97.0%	96.5%
Fair	3.6%	2.9%	3.4%
Poor	0.9%	0.1%	0.1%
Functional Adequacy	**2005-06**	**2006-07**	**2007-08**
Adequate	95.1%	95.1%	95.1%
Inadequate	4.9%	4.9%	4.9%
Utilization	**2005-06**	**2006-07**	**2007-08**
Good	99.8%	99.8%	99.8%
Fair	0.2%	0.2%	0.2%
Poor	0.0%	0.0%	0.0%

GOAL SIX Government of Alberta has a comprehensive, risk-based and flexible set of regulatory and non-regulatory tools and incentives to achieve environmental outcomes

The Alberta government granted the first oil sands land reclamation certificate in March 2008 for a parcel of land known as Gateway Hill approximately 35 kilometres north of Fort McMurray. Typically, mining oil sands requires the use of land for several decades. The reclamation process occurs throughout the life of the project, and the final reclamation certification occurs when the land is no longer in use and has been fully reclaimed. The certificate signifies that the reclaimed land is able to support a range of activities similar to its previous use.

The ministry actively worked with other ministries and stakeholders to review and update Alberta's environmental regulatory and non-regulatory systems and looked for new approaches to achieve environmental outcomes.

In June 2007, the Alberta Tier 1 and Tier 2 Soil and Groundwater Remediation Guidelines were issued. The development of a new Remediation Certificate Regulation also commenced and a multi-stakeholder committee began developing recommendations for new reclamation criteria to replace the Reclamation Criteria for Wellsites and Associated Facilities-1995 Update. Six professional regulatory organizations were involved in developing the Joint Practice Standard used for issuance of an oil and gas reclamation certificate.

Effective July 1, 2007, regulations required any Alberta facilities that emitted more than 100,000 tonnes of greenhouse gases per year to reduce their emissions intensity by 12 per cent under the *Climate Change and Emissions Management Amendment Act*. Facilities had several options to reduce their emissions intensity: through operating improvements, buying Alberta-based credits from facilities with available credits, buying emission offsets, or contributing to the Climate Change and Emissions Management Fund. Money from the fund will be directed to strategic projects or technology aimed at reducing greenhouse gas emissions in the province.

Additional regulations were developed for the Paint Stewardship Program to provide direction on how the program will be managed and how to reduce the amount of leftover paint sent for disposal at landfills. Review and revisions began on Waste Control Regulations to further promote diversion of various materials away from landfill sites and encourage reuse or recycling.

Water resources under the South Saskatchewan River Basin Management plan were fully allocated. This resulted in a closure to new licence applications and water licence amendments in 2006. A policy review was undertaken to ensure water was allocated in a fair manner with opportunity for all users to have access to water resources and implementation of the plan began in 2007.

Working with stakeholders, a draft document outlining Instream Flow Needs for the Muskeg River was presented for stakeholder review.

In addition to a regulatory approach, an education based approach toward compliance and enforcement was initiated. Using a behaviour change model to increase compliance with provincial legislation, development of an education pilot project began involving the use of material such as fact sheets, a website, displays, and presentations, etc. This was the beginning of a multi-year plan under the Compliance Assurance Enforcement program.

Other work in progress included activities to enhance information technology and related infrastructure to support regulatory processes and access to information including adoption of Government of Alberta shared technology services.

A policy paper on Cumulative Effects Regulatory Framework was prepared and released for public comment. Consultations were completed with municipalities, First Nations, Metis Settlements, stakeholders and other ministries. Subsequently, legislation was drafted and the Cumulative Effects Regulatory Framework initiative was amalgamated with the Land-use Framework.

Partners from think tanks and academia were invited to provide policy advice on land conservation tools. This input was taken into consideration as the ministry began development of incentive market-based tools to support the Land-use Framework.

With funding provided from the Energy Innovation Fund, Alberta Environment and the University of Alberta's School of Energy and the Environment formed a partnership to further research oil sands reclamation and tailings management. The $3 million grant awarded to the University will advance the development of technologies to reduce the environmental impact of tailings ponds.

GOAL SIX PERFORMANCE MEASURE

6A. Number of Regulatory and Non-Regulatory Tools Under Development

(Under Development)

Measures the number of new regulatory and non-regulatory tools that are under development. The full range of tools includes innovative regulation, market-based instruments/ fiscal reform, cooperative management agreements, disclosure of information and voluntary stewardship programs/corporate social responsibility.

CHANGES TO PERFORMANCE MEASURES INFORMATION

As Alberta Environment continues to implement strategies to improve its role as environmental manager and steward, performance measures are reviewed for effectiveness in charting the ministry's progress toward its goals. Alberta Environment is committed to developing, monitoring and reporting on the "best" measures available to reflect whether the ministry is having an effect in improving environmental outcomes.

A number of performance measures reported in the 2006-07 Annual Report have been discontinued or replaced by new measures. The new measures are more appropriate either because they better reflect the ministry's evolving role, or because they conform better to standards for business planning and reporting.

The following performance measures were discontinued after the 2006-07 reporting period:

- New Renewable and Alternative Energy Generation
- River Water Quality Index
- Air Quality Index
- Community Flood Risk Mapping
- Stakeholder Satisfaction

The Tire Recycling performance measure will be discontinued in 2008-09.

The following new performance measures were identified in 2007-08 but not reported on as they were still under development. Results will be reported in 2008-09 for:

- Environmental Emergencies Response Indicator
- Policy Capacity Indicator
- Facilities Implementing Stewardship
- Number of regulatory and non-regulatory tools under review/development
- Client Access to Information through Environment's Information Centre

Additionally, surveys have been developed and implemented for the following new performance measures and results will be reported in 2009-10:

- Policy Integration Indicator
- Environmental Awareness and Understanding Indicator
- Personal and Public Engagement Indicator

Results for the performance measure, Paint Recycling, also identified in 2007-08, will be reported in 2009-10.

In order to better reflect the intent of the performance measure and what it actually measures, several new performance measures added in 2007-08 have been renamed:

- Annual Public Opinion Survey was revised to Environmental Awareness and Understanding Indicator
- Per cent of Albertans that Describe Themselves as Actively Engaged in Energy, Waste or Water Conservation was renamed to Personal and Public Engagement Indicator
- Industries/Companies Implementing Stewardship was changed to Facilities Implementing Stewardship
- Number of regulatory and non-regulatory tools under development was renamed to number of regulatory and non-regulatory tools under review/development

Finally, several performance measure descriptions were revised or further defined in order to better track progress towards achievement of the ministry's goals. The revised definitions are:

- Policy Integration Indicator – Measures the level of satisfaction with corporate support to collaborate among divisions and business units in the development and implementation of policy
- Policy Capacity Indicator
  - Percentage of staff that have received policy capacity training – Measures the percentage of staff having received policy training
  - Total number of policy training days taken per year – Measures the number of days of policy training taken by staff
- Personal and Public Engagement Indicator – Measures the percentage of Albertans who describe themselves as actively engaged in energy, water or waste conservation
- Facilities Implementing Stewardship Facilities – Measures the number of facilities recognized as EnviroVista Leaders*

  * EnviroVista Leaders operate under *Alberta's Environmental Protection and Enhancement Act* and meet three qualifying criteria: they have an Environmental Management System in place, a five-year history without enforcement action and a five-year history of excellent emissions performance. Additional information can be obtained at www.environmental.alberta.ca/947.html

- Number of regulatory and non-regulatory tools under review/development – Measures the number of new regulatory and non-regulatory tools that are under review/development. The full range of tools includes innovative regulation, market-based instruments/fiscal reform, cooperative management agreements, disclosure of management agreements, disclosure of information and voluntary stewardship programs/corporate social responsibility

PERFORMANCE MEASURE DATA SOURCES AND METHODOLOGY

Goal One

1A. Drinking Water Safety Indicator

The Drinking Water Safety Indicator is comprised of three separate sub-measures that collectively provide an indicator of the performance of regulated waterworks facilities in delivering safe drinking water to Albertans. Under the *Environmental Protection and Enhancement Act*, Alberta Environment regulates waterworks facilities that provide drinking water to Albertans, including campgrounds and rural subdivisions that use surface water sources, and all waterworks in villages, towns, and cities. The measure demonstrates the high quality of Alberta's drinking water program, ensuring Albertans continue to enjoy safe drinking water.

Facility Design Standards

The sub-measure is an assessment of an approved drinking water facility's design against newer Alberta Environment design standards. These standards are revised every five to 10 years. In January 2006, new standards were introduced and have been utilized for the facilities to which they apply. The reported results indicate the number of facilities that have been maintained or upgraded to meet newer requirements. Staff members at Alberta Environment update these assessments throughout the year and report the results annually. The reported results indicate if continuous improvement and upgrading is occurring at the regulated facilities.

Facility Operational Requirements

Approved drinking water facilities operate under conditions of an approval or registration issued under the *Environmental Protection and Enhancement Act*. This sub-measure shows incidents where required conditions have not been met and could lead to water quality concerns. Facilities are required to self-report non-compliance and, in addition, Alberta Environment annually inspects approved facilities and reports the number of non-compliance incidents.

Water Quality

Regulated drinking water facilities must report on the quality of the treated water against specified limits. Alberta has adopted the health-related limits of the Guidelines for Canadian Drinking Water Quality published by Health Canada as well as establishing treatment performance requirements. Most health related limits are a concern if the water is consumed over a long period of time, while performance requirements are of a more immediate concern. Intervention is needed in either case and may range from a public health advisory, preventing consumption of the water, to a requirement to upgrade a waterworks facility.

This sub-measure shows incidents where a water quality parameter exceeded established limits and identifies the total number of these non-compliance incidents on a provincial basis. Facilities are required to self-report non-compliance. In addition, Alberta Environment staff annually inspects approved facilities and reports the number of non-compliance incidents.

1B. Environmental Emergencies Response Indicator

(Under Development)

Goal Two

2A. Policy Integration Indicator

(Under Development)

2B. Policy Capacity Indicator

(Under Development)

Goal Three

3A. Annual Public Opinion Survey

(Under Development)

Goal Four

4A. Beverage Container Return Rate

The Beverage Container Management Board receives monthly sales and empty container return numbers from the Alberta Beverage Container Recycling Corporation, the approved Collection System Agent as defined in the Beverage Container Recycling Regulation for empty non-beer beverage containers.

Monthly sales and empty container return numbers are received from Brewers Distributor Limited, who is contracted by the Alberta Beer Container Corporation, the approved Collection System Agent as defined in the Beverage Container Recycling Regulation for empty beer containers.

The annual return rate is calculated by adding the audited annual empty beverage container returns of beer and non-beer and dividing that total by the manufacturers' reported beer and non-beer sales.

4B. Used Oil Recovery Rate

Volume of oil sold is calculated from remittances of the Environmental Handling Charge. Collectors of used oil calculate the volume of oil recovered from claims for the Return Incentive. The Alberta Used Oil Management Association estimates that 64.5 per cent of all oil sold is recoverable.

Companies provide the total volume sold (recoverable) and collectors are paid based on number of litres collected (recovered). The estimated volume of recoverable oil is calculated by taking the total volume sold multiplied by the current estimate of recoverable oil.

4C. Municipal Solid Waste to Landfills

This measure indicates Alberta's progress toward meeting a continuous reduction, on a per capita basis, of municipal solid waste disposed in municipal landfills. Waste from the residential sector; the industrial, commercial, and institutional sector; and the construction, renovation, and demolition sector is included in this measure. The calculation is based on the kilograms of municipal solid waste sent to each landfill, and the population served by each applicable landfill. The measure is calculated using the most up to date population statistics, either Municipal Affairs' (formerly Municipal Affairs and Housing) official provincial population list or Statistics Canada's Census data. For the 2007 result, the population list used Municipal Affairs' official provincial population list.

The calculation can also be further divided to illustrate urban and regional disposal amounts. The information is collected from landfills with weigh scales and is voluntarily provided. Approximately 84 per cent of Alberta's population is served by reporting landfills. Estimates are used for the remaining population and are derived by multiplying measured urban and measured regional per capita disposal rates with unmeasured urban (if applicable) and unmeasured regional populations.

4D. Electronic Recycling

On a monthly basis, companies report their sales of new electronics in Alberta with their surcharge remittances. Sales data provides the amount of material entering Alberta that will be discarded at some point in the future, which is then used to calculate the amount of old electronics that should be collected and processed through the program. These volumes are used to establish a recovery rate and targets for processed volumes.

Also on a monthly basis, municipal collection sites and processors submit invoices for funding including reports providing the amount of electronic material collected, processed and shipped to an approved use, with acceptable verification of these amounts. The data are aggregated to provide the annual results to be compared to the performance target.

4E. Tire Recycling

On a monthly basis, companies report their sales of new tires in Alberta with their surcharge remittances. Sales data provides the amount of material entering Alberta that will be discarded at some point in the future, which is then used to calculate the amount of old tires that should be collected and processed through the program. These volumes are used to establish a recovery rate and targets for processed volumes.

Also on a monthly basis, processors submit invoices to receive program incentives. To substantiate receiving these payments they provide reports that include volumes of tires collected, processed and shipped to an end user, with acceptable verification of these amounts and verification of the sale. The data are aggregated to provide the annual results to be compared to the performance target.

4F. Percent of Albertans that Describe Themselves as Actively Engaged in Energy, Waste or Water Conservation

(Under Development)

4G. Industries/Companies Implementing Stewardship

(Under Development)

Goal Five

5A. Effective Water Management Infrastructure

The Effective Water Management Infrastructure (EWMI) measure is an assessment of three aspects of an asset: physical condition, utilization, and functional adequacy of provincially-owned water management infrastructure. Assets include dams, canals and control structures. Reporting of various levels of infrastructure performance for each measure in EWMI is based on the percentage of the replacement value of the infrastructure being assessed.

Data and measures are based upon expert staff assessments using the documented rating systems templates. Initial assessments are subject to review and the approval of management and senior staff at Alberta Environment.

Workflow process and data are managed and housed in the Alberta Environment's electronic web-based Environment Infrastructure Management System (EIMS). Asset Inspection Instructions, Deficiency Reporting, a user training program and online help ensures comparable performance ratings are obtained throughout the different regions within the province. Consistent language is used throughout the rating system.

A Consequence of Failure rating is also determined, and numerical values associated with this rating are combined in a matrix format with the Condition, Utilization and Functional Adequacy numerical rating values to determine a Risk Index value for each of the performance measures in EWMI.

Performance Measure and Risk Index information prioritize and rank projects to aid in the decision to maintain, rehabilitate or replace the infrastructure asset. This information is assessed by management staff at Alberta Environment and Alberta Infrastructure and Transportation (funding agency) to provide a basis for good decision making to help ensure efficient and affective water management infrastructure.

Infrastructure is assessed using the Capital Planning Initiative rating criteria as follows:

Table 4
Capital Planning Initiative Rating Criteria

Physical Condition Rating	Textual Value	Meaning	Equivalent CPI Rating
2	Excellent	New or like new requiring minimal maintenance.	Good
4	Good	Fully operational and requiring minimal maintenance.	Good
6	Fair	Operational but requiring considerable ongoing maintenance.	Fair
8	Marginal	Operational but requiring excessive ongoing maintenance or failure may be possible during a major event.	Poor
10	Poor	Not operational or failure may be imminent or occurred.	Poor

Functional Rating	Textual Value	Meaning	Equivalent CPI Rating
2	Acceptable	The asset satisfies one of the following criteria, depending on the type of asset. • Meets current Dam and Canal Safety Guidelines. • Meets current operational requirements.	Adequate
10	Unacceptable	One of the following criteria applies to the asset, depending on the type of asset. • Does not meet current Dam and Canal Safety Guidelines. • Does not meet current operational requirements.	Inadequate

Utilization Rating	Textual Value	Meaning	Equivalent CPI Rating
2	Significantly Under	Significantly under target capacity range.	Good
4	Within	Within target capacity range.	Good
6	Somewhat Over	Somewhat over target capacity range.	Fair
8	Significantly Over	Significantly over target capacity range.	Poor
10	Beyond	Beyond target capacity range and applied factors of safety.	Poor

Goal Six

6A. Number of Regulatory and Non-Regulatory Tools

(Under Development)

FORWARD-LOOKING INFORMATION

The key challenges facing Alberta's environment – climate change, water, growth pressures and others – are reflected in this annual report and are continuing into 2008-09. These ongoing challenges have influenced government priorities and the key tasks for Alberta Environment in 2008-11. The environment has become such a key issue that the Lieutenant Governor of Alberta, introduced the 2008 legislative session with a strong emphasis on the environmental challenges that we face and the government's commitment to help Albertans address them in the coming year.

Evolving Policy

A comparison of environmental priorities for the environment and ministry mandate tasks emphasizes the ongoing, multi-year nature of the key environmental challenges in Alberta. They illustrate an evolving environmental focus, as past accomplishments lead to new tasks and as the nature or urgency of individual pressures evolve. Examples are the development of a Greenhouse Gas Emissions Management Framework in 2006, followed by enabling regulatory change in 2007, leading to implementing and managing the regulatory framework.

Greater Focus on Strategy and Forward Scanning

To better understand the environmental challenges of the future and to increase our resilience and capacity to respond to them, Alberta Environment continually forward scans the environment for trends and opportunities and engages key staff and managers in review of what the ministry should focus on in up-coming years.

Strengthening the Link Between Scanning, Intentions and Actions and Increasing Emphasis on Cross-Ministry Alignment

These results, along with other forward scanning activities and the Government of Alberta direction, informed the development of the 2008-11 Alberta Environment Business Plan including the development of regional plans to address cumulative effects. Within the business plan, a trend of significant involvement with other ministries in the delivery of strategies and milestones is appearing. Expectations are that this increase in cross-ministry collaboration in policy and delivery is expected to continue and even increase in scope in future years.

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ministry of environment consolidated financial statements

year ended March 31, 2008

auditor's report on financial results

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Environment as at March 31, 2008 and the consolidated statements of operations and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As explained in Schedule 1, the Ministry's systems do not verify both the completeness of the reporting by companies on progress toward meeting emission intensity targets and the accuracy of accounts receivable by the Climate Change and Emissions Management Fund for targets not met. Accordingly, management has requested that I perform my audit of the Fund for the year ended March 31, 2008 at a date no later than December 31, 2008.

In my opinion, except for the effect of adjustments, which I might have determined to be necessary had I been able to audit the Climate Change and Emissions Management Fund revenues and accounts receivable described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA

Auditor General

Edmonton, Alberta
June 24, 2008

consolidated statement of operations

Year ended March 31, 2008
(in thousands)

	2008		2007
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 4,275	$ 1,934	$ 2,566
Premiums, Fees and Licenses	4,313	3,274	2,993
Investment Income	–	11	(3)
Other Revenue	3,248	43,705	4,373
	11,836	48,924	9,929
Expenses – Directly Incurred (Note 2b and Schedule 7)			
Voted (Schedules 3 and 5)			
Ministry Support Services	12,374	13,831	13,103
Environmental Assurance:			
Drinking Water	1,836	1,020	1,536
Monitoring and Evaluation	19,357	14,457	16,761
Standards	6,078	6,800	5,884
Climate Change	3,688	4,919	3,083
Innovation and Policy	10,599	2,501	11,907
Integrated Information Solutions	1,650	5,908	3,816
Environmental Stewardship:			
Intergovernmental Relationships and Partnerships	5,930	24,483	12,059
Educational Awareness	8,830	4,285	8,823
Water for Life	12,454	12,781	8,325
Environmental Management:			
Integrated Resource Management	6,218	14,455	5,978
Approvals	13,734	19,555	12,671
Compliance and Enforcement	8,617	10,112	9,283
Water Operations	14,533	101,073	11,933
Emergency Response	1,441	1,744	1,040
Amortization of Tangible Capital Assets	21,261	19,688	19,048
Oil Sands Environmental Management:			
Oil Sands Innovation and Policy	6,000	3,406	–
Oil Sands Operations	5,892	3,000	3,825
	160,492	264,018	149,075
Statutory Programs (Schedules 3 and 5)			
Land Reclamation Program	1,650	553	1,128
Emergency Spills and Cleanups	1,525	595	938
Drought and Flood Emergencies	600	286	–
Valuation Adjustments			
Provision for Doubtful Accounts	–	9	1
Provision for Vacation Pay	99	1,269	59
Provision for Remediation and Reclamation	–	(12)	–
	3,874	2,700	2,126
Total Expenses	164,366	266,718	151,201
Gain (Loss) on Disposal of Tangible Capital Assets	–	15	(3)
Net Operating Results	$ (152,530)	$ (217,779)	$ (141,275)

The accompanying notes and schedules are part of these consolidated financial statements.

consolidated statement of financial position

As at March 31, 2008
(in thousands)

	2008	2007
ASSETS		
Cash	$ 35,947	$ 201
Accounts Receivable (Note 3)	5,586	746
Advances	14	1
Tangible Capital Assets (Note 4)	878,364	885,659
	$ 919,911	$ 886,607
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 42,173	$ 22,433
Unearned Revenue	156,593	593
	198,766	23,026
NET ASSETS		
Net Assets at Beginning of Year	863,581	856,677
Net Operating Results	(217,779)	(141,275)
Net Financing Provided from General Revenues	75,343	148,179
Net Assets at End of Year	721,145	863,581
	$ 919,911	$ 886,607

The accompanying notes and schedules are part of these consolidated financial statements.

consolidated statement of cash flow

Year ended March 31, 2008
(in thousands)

	2008	2007
Operating Transactions		
Net Operating Results	$ (217,779)	$ (141,275)
Non-cash items included in Net Operating Results		
Amortization (Schedule 3)	19,688	19,048
Loss (Gain) on Disposal of Tangible Capital Assets	(15)	3
Valuation Adjustments	1,266	60
	(196,840)	(122,164)
Decrease (Increase) in Accounts Receivable	(4,840)	523
Increase (Decrease) in Accounts Payable and Accrued Liabilities	18,474	(1,984)
Increase (Decrease) in Unearned Revenue	156,000	(10)
Cash Applied to Operating Transactions	(27,206)	(123,635)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,255)	(3,595)
Adjustment to Prior Year's Acquisition of Tangible Assets	–	43
Disposal of Tangible Capital Assets	15	19
Transfer of Tangible Capital Assets to other Government Entities	118	525
Transfer of Tangible Capital Assets from other Government Entities	(11,256)	(21,500)
Cash Applied to Capital Transactions	(12,378)	(24,508)
Investing Transactions		
Increase in Advances	(13)	(1)
Cash Applied to Investing Transactions	(13)	(1)
Financing Transactions		
Net Financing Provided from General Revenues	75,343	148,179
Increase in Cash	35,746	35
Cash, Beginning of Year	201	166
Cash, End of Year	$ 35,947	$ 201

The accompanying notes and schedules are part of these consolidated financial statements.

notes to the financial statements Year ended March 31, 2008 (in thousands)

NOTE 1
AUTHORITY AND PURPOSE

The Ministry of Environment has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. The purpose of the ministry is to assure the effective stewardship of Alberta's environmental systems to sustain a high quality of life.

NOTE 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries:

(a) Reporting Entity

The Ministry of Environment administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of Environment and constitute the reporting entity.

Organization

Department of Environment
Climate Change and Emissions Management Fund

Authority

Government Organization Act
Climate Change and Emissions Management Act

(b) Basis of Financial Reporting

Revenues

All revenues under the department are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

All revenues under the Climate Change and Emissions Management Fund (CCEMF) are reported on the accrual basis of accounting, except that an estimate was not made of the revenues owing for the period January 1 to March 31.

Internal Government Transfers
Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Year ended March 31, 2008 (in thousands) # notes to the financial statements

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets.
- Pension costs which comprise the cost of employer contributions for current service of employees during the year.
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the ministry operations are disclosed in Schedule 6.

Assets

Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to clean up contaminated sites (remediation) or to return disturbed land to an equivalent use (reclamation). A remediation or reclamation liability is recognized when the ministry is obligated to incur such costs and an amount can be reasonably estimated.

Net Assets

Net assets represent the difference between the carrying value of assets held by the ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

notes to the financial statements Year ended March 31, 2008 (in thousands)

NOTE 3
ACCOUNTS RECEIVABLE

	2008			2007
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Climate Change and Emissions Management Fund	$ 4,640	$ –	$ 4,640	$ –
Transfer from the Environmental Protection and Enhancement Fund	515	–	515	429
Other Sources	440	9	431	317
	$ 5,595	$ 9	$ 5,586	$ 746

Year ended March 31, 2008 (in thousands) # notes to the financial statements

NOTE 4
TANGIBLE CAPITAL ASSETS

	Buildings	Equipment*	Computer Hardware and Software	Land Improvements	Bridges	Dam and Water Management Structures **	2008 Total	2007 Total
Estimated Useful Life	10 years	3-10 years	5-10 Years	40 years	50 years	25-80 years		
Historical Cost* **								
Beginning of year	$ 4	$ 11,838	$ 19,866	$ 49	$ 469	$ 1,148,528	$ 1,180,754	$ 1,156,352
Additions	–	975	309	–	–	11,256	12,540	25,106
Disposals, including write downs	–	(242)	–	–	–	–	(242)	(704)
	$ 4	$ 12,571	$ 20,175	$ 49	$ 469	$ 1,159,784	$ 1,193,052	$ 1,180,754
Accumulated Amortization								
Beginning of year	$ –	$ 5,013	$ 15,497	$ 4	$ 75	$ 274,506	$ 295,095	$ 276,151
Amortization Expense	1	812	932	1	10	17,932	19,688	19,048
Effect of disposals	–	(95)	–	–	–	–	(95)	(103)
	$ 1	$ 5,730	$ 16,429	$ 5	$ 85	$ 292,438	$ 314,688	$ 295,096
Net Book Value at March 31, 2008	$ 3	$ 6,841	$ 3,746	$ 44	$ 385	$ 867,345	$ 878,364	
Net Book Value at March 31, 2007	$ 4	$ 6,825	$ 4,369	$ 45	$ 394	$ 874,022		$ 885,659

* Equipment includes vehicles, office, laboratory, heavy equipment and mobile equipment.

** Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses, and erosion protection structures, which are constructed by the Ministry of Infrastructure and Transportation and transferred to the Ministry of Environment upon their completion.

*** Historical cost includes working-in-progress at March 31, 2008 totaling $2,236 comprised of: equipment $1,101 (2007 – $782); and computer hardware and software $1,135 (2007 – $1,485).

Changes to tangible capital assets were as follows:

	2008	2007
Net Book Value at Beginning of Year	$ 885,659	$ 880,201
Purchase of Tangible Capital Assets	1,255	3,595
Net Book Value of Disposals and Write Downs	–	(21)
Adjustment to Prior Year's Accrual	–	(43)
Transfer with Other Government Entities	11,138	20,975
Amortization of Tangible Capital Assets	(19,688)	(19,048)
Net Book Value at End of Year	$ 878,364	$ 885,659

notes to the financial statements

Year ended March 31, 2008 (in thousands)

NOTE 5
CONTRACTUAL OBLIGATIONS

As at March 31, 2008 the ministry has the following contractual obligations:

		2008		2007
Service contracts (a) (b)	$	11,930	$	9,986
Long term leases (c)		2,681		3,816
Grants				
Waste Management Assistance Program		3,749		4,524
Various Other Programs		185		243
	$	18,545	$	18,569

(a) The ministry has a contractual obligation with the Piikani Nation of $567 annually until 2009, $800 in 2010, and $800 adjusted annually by the Consumer Price Index every year thereafter.

(b) The ministry has a contractual obligation with the Siksika Nation of $127 based on 1984 constant dollars. This amount is adjusted annually by the preceding year's rate of change calculated from the GDP index every year thereafter.

(c) The ministry leases certain equipment under operating leases that expire on various dates to 2013. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2009	$	1,004
2010		766
2011		582
2012		207
2013		122
Total	$	2,681

Year ended March 31, 2008 (in thousands) # notes to the financial statements

NOTE 6
CONTINGENT LIABILITIES

At March 31, 2008, the ministry is a defendant in sixteen legal claims (2007 – seventeen legal claims). Eleven of these claims have specified amounts totalling $142,718 and the remaining five have not specified any amount (2007 – Twelve claims with a specified amount of $141,060 and the remaining five with no specified amount). Included in the total legal claims are three claims in which the ministry has been named as the sole defendant (2007 – four legal claims). One of these claims has a specified amount totalling $46 and the remaining two claims have no specified amount (2007 – two claims with a specified amount of $3,346 and the remaining two claims have no specified amount). In addition, there are nine claims in which the ministry has been jointly named with other entities (2007 – eight legal claims). Six of these claims have specified amounts totalling $142,222 and the remaining three claims have no specified amount (2007 – Five claims with specified amounts totalling $136,441 and the remaining three claims with no specified amount). Four claims amounting to $449 are covered fully by the Alberta Risk Management Fund (2007 – five claims with specified amounts totalling $1,273).

The resulting loss, if any, from these claims cannot be determined.

NOTE 7
TRUST FUND UNDER ADMINISTRATION

The ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purpose of the trust, it is not included in the ministry's financial statements.

At March 31, 2008, the trust fund under administration is as follows:

	2008	2007
Environmental Protection Security Fund	$ 7,877	$ 6,046

In addition to the above trust fund under administration, the ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $867,988 (2007 – $669,572). The majority of these guarantees are held to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, landfills, hazardous waste management and hazardous recyclable facilities.

notes to the financial statements

Year ended March 31, 2008 (in thousands)

NOTE 8
DEFINED BENEFIT PLANS

The ministry participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,194 for the year ended March 31, 2008 (2007 – $5,228).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 – $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 surplus – $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 – $3,698).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 surplus – $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 (2007 – $10,148). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 9
COMPARATIVE FIGURES

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

NOTE 10
APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

revenues

SCHEDULE 1

Year ended March 31, 2008
(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Internal Government Transfers			
Transfer from the Environmental Protection and Enhancement Fund	$ 3,775	$ 1,434	$ 2,066
Transfer from the Lottery Fund	500	500	500
	4,275	1,934	2,566
Premiums, Fees and Licenses			
Land and Grazing	55	33	74
Reclamation Certificates	2,400	1,390	1,168
Water Power Rentals	650	910	830
Other	1,208	941	921
	4,313	3,274	2,993
Investment Income	–	11	(3)
Other Revenue			
Purchase of CCEMF Credits	–	40,216	–
Refunds of Expenditure	–	415	312
Water Resources	2,900	2,961	3,939
Other	348	113	122
	3,248	43,705	4,373
	$ 11,836	$ 48,924	$ 9,929

Purchase of CCEMF Credits:

The section of the *Climate Change and Emission Management Act* establishing the CCEMF came into force on April 20, 2007. The Specified Gas Emitters Regulation was made effective as of June 27, 2007. Under this regulation, facilities emitting more than 100,000 tonnes of greenhouse gases a year are required to reduce their emissions intensity for the period July 1 to December 31, 2007 (2007 compliance period) and subsequent compliance periods according to the target limits specified in the regulation. Facilities can make their reductions through improvements to their operations, by purchasing Alberta-based offsets or emission performance credits, or by purchasing CCEMF credits for $15 per tonne.

Revenues recorded represent the credits purchased by facilities for the 2007 compliance period.

The facilities were required to report the amounts owing for the 2007 compliance period by March 31, 2008. At the time of publishing these financial statements, the ministry was still in the process of verifying completeness, accuracy and compliance with legislation for the amounts reported as owing by the facilities. The ministry will request the Auditor General to audit the Purchases of CCEMF credits when these processes have been completed.

Revenue from purchases of the CCEMF credits may be used only to cover expenses related to reducing emission of specified gases or improving Alberta's ability to adapt to climate change. Management anticipates that these expenses will be incurred beginning in 2008-09.

dedicated revenues initiatives

SCHEDULE 2

Year ended March 31, 2008
(in thousands)

	2008		
	Authorized Dedicated Revenue	Actual Dedicated Revenues	Shortfall
Reclamation Certificate	$ 2,400	$ 1,382	$ (1,018)
Remediation Certificate	360	–	(360)
Water Management Infrastructure	2,900	2,648	(252)
	$ 5,660	$ 4,030	$ (1,630)

The Reclamation Certificate dedicated revenue initiative refers to the costs of conducting audits at sites that are certified under the upstream oil and gas reclamation program. Revenues are received through a reclamation certificate application fee.

The Remediation Certificate dedicated revenue initiative refers to the costs of conducting site audits that are certified under Alberta Environment's new Remediation Certificate Regulation. Revenues are received through a remediation site certificate application fee.

The Water Management Infrastructure dedicated revenue initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Province.

The dedicated revenue presented in this schedule is included in the ministry's Statement of Operations.

expenses – directly incurred detailed by object

SCHEDULE 3

Year ended March 31, 2008
(in thousands)

	2008		2007
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 83,500	$ 79,500	$ 69,531
Supplies and Services	51,664	47,511	39,330
Grants	3,953	117,192	21,061
Financial Transactions and Other	114	127	105
Amortization of Tangible Capital Assets	21,261	19,688	19,048
	$ 160,492	$ 264,018	$ 149,075
Statutory:			
Salaries, Wages and Employee Benefits	$ –	$ 191	$ 280
Supplies and Services	3,775	1,093	1,477
Grants	–	150	309
Valuation Adjustments			
Provision for Doubtful Accounts	–	9	1
Provision for Vacation Pay	99	1,269	59
Provision for Remediation and Reclamation	–	(12)	–
	$ 3,874	$ 2,700	$ 2,126

budget

SCHEDULE 4

Year ended March 31, 2008
(in thousands)

	2007-2008 Estimates	Adjustment (a)	2007-2008 Budget	Authorized Supplementary (b)	2007-2008 Authorized Budget
Internal Government Transfers	$ 4,275	$ –	$ 4,275	$ –	$ 4,275
Premiums, Fees and Licenses	4,313	–	4,313	–	4,313
Other Revenue	3,248	–	3,248	–	3,248
	11,836	–	11,836	–	11,836
Ministry Support Services	12,374	–	12,374	250	12,624
Environmental Assurance:					
Drinking Water	1,836	–	1,836	50	1,886
Monitoring and Evaluation	19,357	–	19,357	325	19,682
Standards	6,078	–	6,078	150	6,228
Climate Change	3,688	–	3,688	25	3,713
Innovation and Policy	10,599	–	10,599	200	10,799
Integrated Information Solutions	1,650	–	1,650	50	1,700
Environmental Stewardship:					
Intergovernmental Relationships and Partnerships	5,930	–	5,930	18,775	24,705
Educational Awareness	8,830	–	8,830	150	8,980
Water for Life	12,454	–	12,454	50	12,504
Environmental Management:					
Integrated Resource Management	6,218	–	6,218	150	6,368
Approvals	13,734	–	13,734	375	14,109
Compliance and Enforcement	8,617	–	8,617	250	8,867
Water Operations	14,533	–	14,533	85,200	99,733
Emergency Response	1,441	–	1,441	25	1,466
Amortization of Tangible Capital Assets	21,261	–	21,261	–	21,261
Oil Sands Environmental Management:					
Oil Sands Innovation and Policy	6,000	–	6,000	100	6,100
Oil Sands Operations	5,892	–	5,892	75	5,967
Dedicated Revenue Shortfall (Schedule 2)	–	(1,630)	(1,630)	–	(1,630)
	160,492	(1,630)	158,862	106,200	265,062
Land Reclamation Program	1,650	–	1,650	–	1,650
Emergency Spills and Cleanups	1,525	–	1,525	–	1,525
Drought and Flood Emergencies	600	–	600	–	600
Valuation Adjustments					
Provision for Vacation Pay	99	–	99	–	99
	3,874	–	3,874	–	3,874
	164,366	(1,630)	162,736	106,200	268,936
Net Operating Results	$ (152,530)	$ (1,630)	$ (150,900)	$ (106,200)	$ (257,100)
Equipment / Inventory Purchases	$ 1,844	$ –	$ 1,844	$ –	$ 1,844
Non-Budgetary Disbursements	$ 1,000	$ –	$ 1,000	$ –	$ 1,000

(a) Adjustment includes dedicated revenue shortfall.

(b) Supplementary Estimates of $2,500 were approved on December 7, 2007 and Special Warrant of $103,700 was approved March 18, 2008. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

comparison of expenses – directly incurred, equipment/inventory purchases and statutory expenses by element to authorized budget

SCHEDULE 5

Year ended March 31, 2008
(in thousands)

	2007-2008 Estimates	Adjustments (a)	2007-2008 Budget	Authorized Supplementary (b)	2007-2008 Authorized Budget (c)	2007-2008 Actual Expense	Unexpended (Over Expended)
Voted Expenses and Equipment/Inventory Purchases							
Ministry Support Services							
1.0.1 Minister's Office	$ 406	$ –	$ 406	$ 9	$ 415	$ 444	$ (29)
1.0.2 Cabinet Policy Committee on Resources and the Environment	125	–	125	3	128	122	6
1.0.3 Deputy Minister's Office	435	–	435	2	437	400	37
1.0.4 Communications	831	–	831	15	846	746	100
1.0.5 People Services	1,507	–	1,507	42	1,549	2,073	(524)
1.0.6 Legal Services	173	–	173	9	182	166	16
1.0.7 Finance and Administration	4,127	–	4,127	120	4,247	4,468	(221)
1.0.8 Strategic Planning Secretariat	2,175	–	2,175	50	2,225	1,921	304
1.0.9 Corporate Costs	2,595	–	2,595	–	2,595	3,491	(897)
TOTAL PROGRAM 1	12,374	–	12,374	250	12,624	13,831	(1,207)
Environmental Assurance							
2.0.1 Drinking Water	1,836	–	1,836	50	1,886	1,020	866
2.0.2 Monitoring and Evaluation							
- Expense	19,357	–	19,357	325	19,682	14,457	5,225
- Equipment/Inventory Purchases	255	–	255	–	255	71	184
2.0.3 Standards	6,078	–	6,078	150	6,228	6,800	(572)
2.0.4 Climate Change	3,688	–	3,688	25	3,713	4,919	(1,206)
2.0.5 Innovation and Policy							
- Expense	10,599	–	10,599	200	10,799	2,501	8,298
- Equipment/Inventory Purchases	100	–	100	–	100	–	100
2.0.6 Integrated Information Solutions							
- Expense	1,650	–	1,650	50	1,700	5,908	(4,208)
- Equipment/Inventory Purchases	–	–	–	–	–	26	(26)
TOTAL PROGRAM 2	43,563	–	43,563	800	44,363	35,702	8,661
Environmental Stewardship							
3.0.1 Intergovernmental Relationships and Partnerships							
- Expense	5,930	–	5,930	18,775	24,705	24,483	222
- Equipment/Inventory Purchases	–	–	–	–	–	5	(5)
3.0.2 Educational Awareness	8,830	–	8,830	150	8,980	4,285	4,695
3.0.3 Water For Life							
- Expense	12,454	–	12,454	50	12,504	12,781	(277)
- Equipment/Inventory Purchases	1,459	–	1,459	–	1,459	837	622
TOTAL PROGRAM 3	28,673	–	28,673	18,975	47,648	42,391	5,257

comparison of expenses – directly incurred, equipment/inventory purchases and statutory expenses by element to authorized budget

SCHEDULE 5

Year ended March 31, 2008
(in thousands)

	2007-2008 Estimates	Adjustments (a)	2007-2008 Budget	Authorized Supplementary (b)	2007-2008 Authorized Budget (c)	2007-2008 Actual Expense	Unexpended (Over Expended)
Voted Expenses and Equipment/Inventory Purchases – (continued)							
Environmental Management							
4.0.1 Integrated Resource Management	$ 6,218	$ –	$ 6,218	$ 150	$ 6,368	$ 14,455	$ (8,087)
4.0.2 Approvals							
- Expense	13,734	–	13,734	375	14,109	19,555	(5,446)
- Equipment/Inventory Purchases	–	–	–	–	–	29	(29)
4.0.3 Compliance and Enforcement Expense	8,617	–	8,617	250	8,867	10,112	(1,245)
- Equipment/Inventory Purchases	–	–	–	–	–	88	(88)
4.0.4 Water Operations							
- Expense	14,533	–	14,533	85,200	99,733	101,073	(1,340)
- Equipment/Inventory Purchases	30	–	30	–	30	–	30
4.0.5 Emergency Response							
- Expense	1,441	–	1,441	25	1,466	1,744	(278)
- Equipment/Inventory Purchases	–	–	–	–	–	199	(199)
4.0.6 Amortization of Tangible Capital Assets	21,261	–	21,261	–	21,261	19,688	1,573
TOTAL PROGRAM 4	65,834	–	65,834	86,000	151,834	166,943	(15,109)
Oil Sands Environmental Management							
5.0.1 Oil Sands Innovation and Policy	6,000	–	6,000	100	6,100	3,406	2,694
5.0.2 Oil Sands Operations	5,892	–	5,892	75	5,967	3,000	2,967
TOTAL PROGRAM 5	11,892	–	11,892	175	12,067	6,406	5,661
Voted Expenses and Equipment/Inventory Purchases							
Dedicated Revenue Shortfall (Schedule 2)	–	(1,630)	(1,630)	–	(1,630)	–	(1,630)
	$ –	$ (1,630)	$ (1,630)	$ –	$ (1,630)	$ –	$ (1,630)
Expense	$ 160,492	$ (1,630)	$ 158,862	$ 106,200	$ 265,062	$ 264,018	$ 1,044
Equipment/Inventory Purchases	1,844	–	1,844	–	1,844	1,255	589
	$ 162,336	$ (1,630)	$ 160,706	$ 106,200	$ 266,906	$ 265,273	$ 1,633
Statutory Expenses							
Land Reclamation Program	$ 1,650	$ –	$ 1,650	$ –	$ 1,650	$ 553	$ 1,097
Emergency Spills and Cleanups	1,525	–	1,525	–	1,525	595	930
Drought and Flood Emergencies	600	–	600	–	600	286	314
Valuation Adjustments	99	–	99	–	99	1,266	(1,167)
	$ 3,874	$ –	$ 3,874	$ –	$ 3,874	$ 2,700	$ 1,174
Non-Budgetary Disbursements							
Intergovernmental Relationships and Partnerships	1,000	–	1,000	–	1,000	1,000	–
	$ 1,000	$ –	$ 1,000	$ –	$ 1,000	$ 1,000	$ –

(a) Adjustments include dedicated revenue shortfall.

(b) Supplementary Estimates of $2,500 were approved on December 7, 2007, and Special Warrant of $103,700 was approved on March 18, 2008. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(c) Includes achievement bonus amounting to $1,860.

related party transactions

SCHEDULE 6

Year ended March 31, 2008
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2008	2007
Revenue		
Internal Government Transfers	$ 1,934	$ 2,566
Expenses – Directly Incurred		
Grants	$ 3,075	$ 110
Other Services	5,387	5,585
	$ 8,462	$ 5,695
Tangible Capital Assets Transferred	$ 11,138	$ 20,975
Payable to	$ 3,807	$ 196
Receivable from	$ 515	$ 694

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not recorded in the financial statements.

	Other Entities	
	2008	2007
Expenses – Incurred by Others		
Accomodation	$ 6,804	$ 6,439
Legal	2,685	2,293
Water Management Infrastructure Maintenance	4,785	6,598
Shared Services	2,819	2,716
	$ 17,093	$ 18,046

allocated costs

SCHEDULE 7

Year ended March 31, 2008
(in thousands)

	2008								2007
		Expenses - Incurred by Others				Valuation Adjustments			
Program	Expenses[1]	Accomodation Costs[2]	Legal Services[3]	Water Management Infrastructure Maintenance	Shared Services	Vacation Pay[4]	Doubtful Accounts	Remediation and Reclamation	Expenses	Expenses
Ministry Support Services	$ 13,831	$ 657	$ 131	$ –	$ 2,819	$ (182)	$ 9	$ –	$ 17,265	$ 16,820
Drinking Water	1,020	71	19	–	–	43	–	–	1,153	1,824
Monitioring and Evaluation	14,457	720	199	–	–	12	–	–	15,388	17,828
Standards	6,800	309	62	–	–	114	–	–	7,285	6,201
Climate Change	4,919	142	38	–	–	(27)	–	–	5,072	3,371
Innovation and Policy	2,501	40	109	–	–	(533)	–	–	2,117	12,588
Integrated Information Solutions	5,908	230	17	–	–	258	–	–	6,413	3,816
Reclamation and Emergency Preparedness	1,434	–	–	–	–	(4)	–	–	1,430	2,070
Intergovernmental Relationships and Partnerships	24,483	253	53	–	–	159	–	–	24,948	12,315
Educational Awareness	4,285	182	79	–	–	33	–	–	4,579	9,161
Water for Life	12,781	198	111	–	–	110	–	–	13,200	8,506
Integrated Resource Management	14,455	720	257	–	–	322	–	–	15,754	6,788
Approvals	19,555	1,400	574	–	–	143	–	(12)	21,660	14,406
Compliance and Enforcement	10,112	775	356	–	–	115	–	–	11,358	10,259
Water Operations	101,073	775	601	4,785	–	311	–	–	107,545	19,381
Emergency Response	1,744	95	60	–	–	94	–	–	1,993	1,040
Amortization of Tangible Capital Assets	19,688	–	–	–	–	–	–	–	19,688	19,048
Oil Sands Innovation and Policy	3,406	237	10	–	–	301	–	–	3,954	–
Oil Sands Operations	3,000	–	9	–	–	–	–	–	3,009	3,825
	$ 265,452	$ 6,804	$ 2,685	$ 4,785	$ 2,819	$ 1,269	$ 9	$ (12)	$ 283,811	$ 169,247

(1) Expenses – Directly incurred as per Statement of Operations, excluding valuation adjustments.
(2) Costs shown for Accomodation on Schedule 6, allocated by budgeted Full-Time Equivalent Employment.
(3) Costs shown for Legal Services on Schedule 6, allocated by estimated costs by each program.
(4) Valuation Adjustments as per Statement of Operations. Vacation Pay is allocated by employee.

department of environment financial statements

year ended March 31, 2008

auditor's report on financial results

AUDITOR GENERAL *Alberta*

To the Minister of Environment

I have audited the statement of financial position of the Department of Environment as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA

Auditor General

Edmonton, Alberta
June 24, 2008

statement of operations

Year ended March 31, 2008
(in thousands)

	2008 Budget (Schedule 4)	2008 Actual	2007 Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 4,275	$ 1,934	$ 2,566
Premiums, Fees and Licenses	4,313	3,274	2,993
Investment Income	–	11	(3)
Other Revenue	3,248	3,489	4,373
	11,836	8,708	9,929
Expenses – Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	12,374	13,831	13,103
Environmental Assurance:			
Drinking Water	1,836	1,020	1,536
Monitoring and Evaluation	19,357	14,457	16,761
Standards	6,078	6,800	5,884
Climate Change	3,688	4,919	3,083
Innovation and Policy	10,599	2,501	11,907
Integrated Information Solutions	1,650	5,908	3,816
Environmental Stewardship:			
Intergovernmental Relationships and Partnerships	5,930	24,483	12,059
Educational Awareness	8,830	4,285	8,823
Water for Life	12,454	12,781	8,325
Environmental Management:			
Integrated Resource Management	6,218	14,455	5,978
Approvals	13,734	19,555	12,671
Compliance and Enforcement	8,617	10,112	9,283
Water Operations	14,533	101,073	11,933
Emergency Response	1,441	1,744	1,040
Amortization of Tangible Capital Assets	21,261	19,688	19,048
Oil Sands Environmental Management:			
Oil Sands Innovation and Policy	6,000	3,406	–
Oil Sands Operations	5,892	3,000	3,825
	160,492	264,018	149,075
Statutory Programs (Schedules 3 and 5)			
Land Reclamation Program	1,650	553	1,128
Emergency Spills and Cleanups	1,525	595	938
Drought and Flood Emergencies	600	286	–
Valuation Adjustments			
Provision for Doubtful Accounts	–	9	1
Provision for Vacation Pay	99	1,269	59
Provision for Remediation and Reclamation	–	(12)	–
	3,874	2,700	2,126
Total Expenses	164,366	266,718	151,201
Gain (Loss) on Disposal of Tangible Capital Assets	–	15	(3)
Net Operating Results	$ (152,530)	$ (257,995)	$ (141,275)

The accompanying notes and schedules are part of these financial statements.

statement of financial position

As at March 31, 2008
(in thousands)

	2008	2007
ASSETS		
Cash	$ 371	$ 201
Accounts Receivable (Note 3)	946	746
Advances	14	1
Tangible Capital Assets (Note 4)	878,364	885,659
	$ 879,695	$ 886,607
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 42,173	$ 22,433
Unearned Revenue	156,593	593
	198,766	23,026
NET ASSETS		
Net Assets at Beginning of Year	863,581	856,677
Net Operating Results	(257,995)	(141,275)
Net Financing Provided from General Revenues	75,343	148,179
Net Assets at End of Year	680,929	863,581
	$ 879,695	$ 886,607

The accompanying notes and schedules are part of these financial statements.

statement of cash flow

Year ended March 31, 2008
(in thousands)

	2008	2007
Operating Transactions		
Net Operating Results	$ (257,995)	$ (141,275)
Non-cash items included in Net Operating Results		
Amortization (Schedule 3)	19,688	19,048
Loss (Gain) on Disposal of Tangible Capital Assets	(15)	3
Valuation Adjustments	1,266	60
	(237,056)	(122,164)
Decrease (Increase) in Accounts Receivable	(200)	523
Increase (Decrease) in Accounts Payable and Accrued Liabilities	18,474	(1,984)
Increase (Decrease) in Unearned Revenue	156,000	(10)
Cash Applied to Operating Transactions	(62,782)	(123,635)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,255)	(3,595)
Adjustment to Prior Year's Acquisition of Tangible Assets	–	43
Disposal of Tangible Capital Assets	15	19
Transfer of Tangible Capital Assets to other Government Entities	118	525
Transfer of Tangible Capital Assets from other Government Entities	(11,256)	(21,500)
Cash Applied to Capital Transactions	(12,378)	(24,508)
Investing Transactions		
Increase in Advances	(13)	(1)
Cash Applied to Investing Transactions	(13)	(1)
Financing Transactions		
Net Financing Provided from General Revenues	75,343	148,179
Increase in Cash	170	35
Cash, Beginning of Year	201	166
Cash, End of Year	$ 371	$ 201

The accompanying notes and schedules are part of these financial statements.

notes to the financial statements

Year ended March 31, 2008 (in thousands)

NOTE 1
AUTHORITY AND PURPOSE

The Department of Environment operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the department is to assure the effective stewardship of Alberta's environmental systems to sustain a high quality of life.

NOTE 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. The PSAB financial presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the departments.

(a) Reporting Entity

The reporting entity is the Department of Environment for which the Minister of Environment is accountable. All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Year ended March 31, 2008 (in thousands)

notes to the financial statements

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets.
- Pension costs which comprise the cost of employer contributions for current service of employees during the year.
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the department operations are disclosed in Schedule 7.

Assets

Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to clean up contaminated sites (remediation) or to return disturbed land to an equivalent use (reclamation). A remediation or reclamation liability is recognized when the department is obligated to incur such costs and an amount can be reasonably estimated.

Net Assets

Net assets represents the difference between the carrying value of assets held by the department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

notes to the financial statements Year ended March 31, 2008 (in thousands)

NOTE 3
ACCOUNTS RECEIVABLE

	Gross Amount	2008 Allowance for Doubtful Accounts	2008 Net Realizable Value	2007 Net Realizable Value
Transfer from the Environmental Protection and Enhancement Fund	$ 515	$ –	$ 515	$ 429
Other Sources	440	9	431	317
	$ 955	$ 9	$ 946	$ 746

NOTE 4
TANGIBLE CAPITAL ASSETS

	Buildings	Equipment*	Computer Hardware and Software	Land Improvements	Bridges	Dam and Water Management Structures **	2008 Total	2007 Total
Estimated Useful Life	10 years	3-10 years	5-10 Years	40 years	50 years	25-80 years		
Historical Cost* **								
Beginning of year	$ 4	$ 11,838	$ 19,866	$ 49	$ 469	$ 1,148,528	$ 1,180,754	$ 1,156,352
Additions	–	975	309	–	–	11,256	12,540	25,106
Disposals, including write downs	–	(242)	–	–	–	–	(242)	(704)
	$ 4	$ 12,571	$ 20,175	$ 49	$ 469	$ 1,159,784	$ 1,193,052	$ 1,180,754
Accumulated Amortization								
Beginning of year	$ –	$ 5,013	$ 15,497	$ 4	$ 75	$ 274,506	$ 295,095	$ 276,151
Amortization Expense	1	812	932	1	10	17,932	19,688	19,048
Effect of disposals	–	(95)	–	–	–	–	(95)	(103)
	$ 1	$ 5,730	$ 16,429	$ 5	$ 85	$ 292,438	$ 314,688	$ 295,096
Net Book Value at March 31, 2008	$ 3	$ 6,841	$ 3,746	$ 44	$ 385	$ 867,345	$ 878,364	
Net Book Value at March 31, 2007	$ 4	$ 6,825	$ 4,369	$ 45	$ 394	$ 874,022		$ 885,659

* Equipment includes vehicles, office, laboratory, heavy equipment and mobile equipment.

** Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses, and erosion protection structures, which are constructed by the Ministry of Infrastructure and Transportation and transferred to the Ministry of Environment upon their completion.

*** Historical cost includes working-in-progress at March 31, 2008 totaling $2,236 comprised of: equipment $1,101 (2007 – $782); and computer hardware and software $1,135 (2007 – $1,485).

Year ended March 31, 2008 (in thousands)

notes to the financial statements

NOTE 4
TANGIBLE CAPITAL ASSETS (continued)

Changes to tangible capital assets were as follows:

	2008	2007
Net Book Value at Beginning of Year	$ 885,659	$ 880,201
Purchase of Tangible Capital Assets	1,255	3,595
Net Book Value of Disposals and Write Downs	–	(21)
Adjustment to Prior Year's Accrual	–	(43)
Transfer with Other Government Entities	11,138	20,975
Amortization of Tangible Capital Assets	(19,688)	(19,048)
Net Book Value at End of Year	$ 878,364	$ 885,659

NOTE 5
CONTRACTUAL OBLIGATIONS

As at March 31, 2008 the department has the following contractual obligations:

	2008	2007
Service contracts (a) (b)	$ 11,930	$ 9,986
Long term leases (c)	2,681	3,816
Grants		
Waste Management Assistance Program	3,749	4,524
Various Other Programs	185	243
	$ 18,545	$ 18,569

(a) The department has a contractual obligation with the Piikani Nation of $567 annually until 2009, $800 in 2010, and $800 adjusted annually by the Consumer Price Index every year thereafter.

(b) The department has a contractual obligation with the Siksika Nation of $127 based on 1984 constant dollars. This amount is adjusted annually by the preceding year's rate of change calculated from the GDP index every year thereafter.

(c) The department leases certain equipment under operating leases that expire on various dates to 2013. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2009	$ 1,004
2010	766
2011	582
2012	207
2013	122
Total	$ 2,681

notes to the financial statements

Year ended March 31, 2008 (in thousands)

NOTE 6
CONTINGENT LIABILITIES

At March 31, 2008, the department is a defendant in sixteen legal claims (2007 – seventeen legal claims). Eleven of these claims have specified amounts totalling $142,718 and the remaining five have not specified any amount (2007 – Twelve claims with a specified amount of $141,060 and the remaining five with no specified amount). Included in the total legal claims are three claims in which the department has been named as the sole defendant (2007 – four legal claims). One of these claims has a specified amount totalling $46 and the remaining two claims have no specified amount (2007 – two claims with a specified amount of $3,346 and the remaining two claims have no specified amount). In addition, there are nine claims in which the department has been jointly named with other entities (2007 – eight legal claims). Six of these claims have specified amounts totalling $142,222 and the remaining three claims have no specified amount (2007 – Five claims with specified amounts totalling $136,441 and the remaining three claims with no specified amount). Four claims amounting to $449 are covered fully by the Alberta Risk Management Fund (2007 – five claims with specified amounts totalling $1,273).

The resulting loss, if any, from these claims cannot be determined.

NOTE 7
TRUST FUND UNDER ADMINISTRATION

The department administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purpose of the trust, it is not included in the department's financial statements.

At March 31, 2008, the trust fund under administration is as follows:

	2008	2007
Environmental Protection Security Fund	$ 7,877	$ 6,046

In addition to the above trust fund under administration, the department holds bank guarantees in the form of letters of credit and promissory notes in the amount of $867,988 (2007 – $669,572). The majority of these guarantees are held to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, landfills, hazardous waste management and hazardous recyclable facilities.

Year ended March 31, 2008 (in thousands) # notes to the financial statements

NOTE 8
DEFINED BENEFIT PLANS

The department participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,194 for the year ended March 31, 2008 ($2007 – $5,228).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 ($2006 – $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 ($2006 surplus – $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 ($2006 – $3,698).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 ($2007 surplus – $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 ($2007 – $10,148). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 9
COMPARATIVE FIGURES

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

NOTE 10
APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

revenues

SCHEDULE 1

Year ended March 31, 2008
(in thousands)

	2008		2007
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from the Environmental Protection and Enhancement Fund	$ 3,775	$ 1,434	$ 2,066
Transfer from the Lottery Fund	500	500	500
	4,275	1,934	2,566
Premiums, Fees and Licenses			
Land and Grazing	55	33	74
Reclamation Certificates	2,400	1,390	1,168
Water Power Rentals	650	910	830
Other	1,208	941	921
	4,313	3,274	2,993
Investment Income	–	11	(3)
Other Revenue			
Refunds of Expenditure	–	415	312
Water Resources	2,900	2,961	3,939
Other	348	113	122
	3,248	3,489	4,373
	$ 11,836	$ 8,708	$ 9,929

dedicated revenues initiatives

SCHEDULE 2

Year ended March 31, 2008
(in thousands)

	2008		
	Authorized Dedicated Revenue	Actual Dedicated Revenues	Shortfall
Reclamation Certificate	$ 2,400	$ 1,382	$ (1,018)
Remediation Certificate	360	–	(360)
Water Management Infrastructure	2,900	2,648	(252)
	$ 5,660	$ 4,030	$ (1,630)

The Reclamation Certificate dedicated revenue initiative refers to the costs of conducting audits at sites that are certified under the upstream oil and gas reclamation program. Revenues are received through a reclamation certificate application fee.

The Remediation Certificate dedicated revenue initiative refers to the costs of conducting site audits that are certified under Alberta Environment's new Remediation Certificate Regulation. Revenues are received through a remediation site certificate application fee.

The Water Management Infrastructure dedicated revenue initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Province.

The dedicated revenue presented in this schedule is included in the department's Statement of Operations.

expenses – directly incurred detailed by object

SCHEDULE 3

Year ended March 31, 2008
(in thousands)

	2008		2007
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 83,500	$ 79,500	$ 69,531
Supplies and Services	51,664	47,511	39,330
Grants	3,953	117,192	21,061
Financial Transactions and Other	114	127	105
Amortization of Tangible Capital Assets	21,261	19,688	19,048
	$ 160,492	$ 264,018	$ 149,075
Statutory:			
Salaries, Wages and Employee Benefits	$ –	$ 191	$ 280
Supplies and Services	3,775	1,093	1,477
Grants	–	150	309
Valuation Adjustments			
Provision for Doubtful Accounts	–	9	1
Provision for Vacation Pay	99	1,269	59
Provision for Remediation and Reclamation	–	(12)	–
	$ 3,874	$ 2,700	$ 2,126

budget

SCHEDULE 4

Year ended March 31, 2008
(in thousands)

	2007-2008 Estimates	Adjustment (a)	2007-2008 Budget	Authorized Supplementary (b)	2007-2008 Authorized Budget
Internal Government Transfers	$ 4,275	$ –	$ 4,275	$ –	$ 4,275
Premiums, Fees and Licenses	4,313	–	4,313	–	4,313
Other Revenue	3,248	–	3,248	–	3,248
	11,836	–	11,836	–	11,836
Ministry Support Services	12,374	–	12,374	250	12,624
Environmental Assurance:					
Drinking Water	1,836	–	1,836	50	1,886
Monitoring and Evaluation	19,357	–	19,357	325	19,682
Standards	6,078	–	6,078	150	6,228
Climate Change	3,688	–	3,688	25	3,713
Innovation and Policy	10,599	–	10,599	200	10,799
Integrated Information Solutions	1,650	–	1,650	50	1,700
Environmental Stewardship:					
Intergovernmental Relationships and Partnerships	5,930	–	5,930	18,775	24,705
Educational Awareness	8,830	–	8,830	150	8,980
Water for Life	12,454	–	12,454	50	12,504
Environmental Management:					
Integrated Resource Management	6,218	–	6,218	150	6,368
Approvals	13,734	–	13,734	375	14,109
Compliance and Enforcement	8,617	–	8,617	250	8,867
Water Operations	14,533	–	14,533	85,200	99,733
Emergency Response	1,441	–	1,441	25	1,466
Amortization of Tangible Capital Assets	21,261	–	21,261	–	21,261
Oil Sands Environmental Management:					
Oil Sands Innovation and Policy	6,000	–	6,000	100	6,100
Oil Sands Operations	5,892	–	5,892	75	5,967
Dedicated Revenue Shortfall (Schedule 2)	–	(1,630)	(1,630)	–	(1,630)
	160,492	(1,630)	158,862	106,200	265,062
Land Reclamation Program	1,650	–	1,650	–	1,650
Emergency Spills and Cleanups	1,525	–	1,525	–	1,525
Drought and Flood Emergencies	600	–	600	–	600
Valuation Adjustments					
Provision for Vacation Pay	99	–	99	–	99
	3,874	–	3,874	–	3,874
	164,366	(1,630)	162,736	106,200	268,936
Net Operating Results	$ (152,530)	$ (1,630)	$ (150,900)	$ (106,200)	$ (257,100)
Equipment / Inventory Purchases	$ 1,844	$ –	$ 1,844	$ –	$ 1,844
Non-Budgetary Disbursements	$ 1,000	$ –	$ 1,000	$ –	$ 1,000

(a) Adjustment includes dedicated revenue shortfall.

(b) Supplementary Estimates of $2,500 were approved on December 7, 2007 and Special Warrant of $103,700 was approved March 18, 2008. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

comparison of expenses – directly incurred, equipment/inventory purchases and statutory expenses by element to authorized budget

SCHEDULE 5

Year ended March 31, 2008
(in thousands)

	2007-2008 Estimates	Adjustments (a)	2007-2008 Budget	Authorized Supplementary (b)	2007-2008 Authorized Budget (c)	2007-2008 Actual Expense	Unexpended (Over Expended)
Voted Expenses and Equipment/Inventory Purchases							
Ministry Support Services							
1.0.1 Minister's Office	$ 406	$ –	$ 406	$ 9	$ 415	$ 444	$ (29)
1.0.2 Cabinet Policy Committee on Resources and the Environment	125	–	125	3	128	122	6
1.0.3 Deputy Minister's Office	435	–	435	2	437	400	37
1.0.4 Communications	831	–	831	15	846	746	100
1.0.5 People Services	1,507	–	1,507	42	1,549	2,073	(524)
1.0.6 Legal Services	173	–	173	9	182	166	16
1.0.7 Finance and Administration	4,127	–	4,127	120	4,247	4,468	(221)
1.0.8 Strategic Planning Secretariat	2,175	–	2,175	50	2,225	1,921	304
1.0.9 Corporate Costs	2,595	–	2,595	–	2,595	3,491	(897)
TOTAL PROGRAM 1	12,374	–	12,374	250	12,624	13,831	(1,207)
Environmental Assurance							
2.0.1 Drinking Water	1,836	–	1,836	50	1,886	1,020	866
2.0.2 Monitoring and Evaluation							
- Expense	19,357	–	19,357	325	19,682	14,457	5,225
- Equipment/Inventory Purchases	255	–	255	–	255	71	184
2.0.3 Standards	6,078	–	6,078	150	6,228	6,800	(572)
2.0.4 Climate Change	3,688	–	3,688	25	3,713	4,919	(1,206)
2.0.5 Innovation and Policy							
- Expense	10,599	–	10,599	200	10,799	2,501	8,298
- Equipment/Inventory Purchases	100	–	100	–	100	–	100
2.0.6 Integrated Information Solutions							
- Expense	1,650	–	1,650	50	1,700	5,908	(4,208)
- Equipment/Inventory Purchases	–	–	–	–	–	26	(26)
TOTAL PROGRAM 2	43,563	–	43,563	800	44,363	35,702	8,661
Environmental Stewardship							
3.0.1 Intergovernmental Relationships and Partnerships							
- Expense	5,930	–	5,930	18,775	24,705	24,483	222
- Equipment/Inventory Purchases	–	–	–	–	–	5	(5)
3.0.2 Educational Awareness	8,830	–	8,830	150	8,980	4,285	4,695
3.0.3 Water For Life							
- Expense	12,454	–	12,454	50	12,504	12,781	(277)
- Equipment/Inventory Purchases	1,459	–	1,459	–	1,459	837	622
TOTAL PROGRAM 3	28,673	–	28,673	18,975	47,648	42,391	5,257

comparison of expenses – directly incurred, equipment/inventory purchases and statutory expenses by element to authorized budget

SCHEDULE 5

Year ended March 31, 2008
(in thousands)

	2007-2008 Estimates	Adjustments (a)	2007-2008 Budget	Authorized Supplementary (b)	2007-2008 Authorized Budget (c)	2007-2008 Actual Expense	Unexpended (Over Expended)
Voted Expenses and Equipment/Inventory Purchases – (continued)							
Environmental Management							
4.0.1 Integrated Resource Management	$ 6,218	$ –	$ 6,218	$ 150	$ 6,368	$ 14,455	$ (8,087)
4.0.2 Approvals							
Expense	13,734	–	13,734	375	14,109	19,555	(5,446)
Equipment/Inventory Purchases	–	–	–	–	–	29	(29)
4.0.3 Compliance and Enforcement							
Expense	8,617	–	8,617	250	8,867	10,112	(1,245)
Equipment/Inventory Purchases	–	–	–	–	–	88	(88)
4.0.4 Water Operations							
Expense	14,533	–	14,533	85,200	99,733	101,073	(1,340)
Equipment/Inventory Purchases	30	–	30	–	30	–	30
4.0.5 Emergency Response							
Expense	1,441	–	1,441	25	1,466	1,744	(278)
Equipment/Inventory Purchases	–	–	–	–	–	199	(199)
4.0.6 Amortization of Tangible Capital Assets	21,261	–	21,261	–	21,261	19,688	1,573
TOTAL PROGRAM 4	65,834	–	65,834	86,000	151,834	166,943	(15,109)
Oil Sands Environmental Management							
5.0.1 Oil Sands Innovation and Policy	6,000	–	6,000	100	6,100	3,406	2,694
5.0.2 Oil Sands Operations	5,892	–	5,892	75	5,967	3,000	2,967
TOTAL PROGRAM 5	11,892	–	11,892	175	12,067	6,406	5,661
Voted Expenses and Equipment/Inventory Purchases							
Dedicated Revenue Shortfall (Schedule 2)	–	(1,630)	(1,630)	–	(1,630)	–	(1,630)
	$ –	$ (1,630)	$ (1,630)	$ –	$ (1,630)	$ –	$ (1,630)
Expense	160,492	(1,630)	$ 158,862	$ 106,200	$ 265,062	$ 264,018	$ 1,044
Equipment/Inventory Purchases	1,844	–	1,844	–	1,844	1,255	589
	$ 162,336	$ (1,630)	$ 160,706	$ 106,200	$ 266,906	$ 265,273	$ 1,633
Statutory Expenses							
Land Reclamation Program	$ 1,650	$ –	$ 1,650	$ –	$ 1,650	$ 553	$ 1,097
Emergency Spills and Cleanups	1,525	–	1,525	–	1,525	595	930
Drought and Flood Emergencies	600	–	600	–	600	286	314
Valuation Adjustments	99	–	99	–	99	1,266	(1,167)
	$ 3,874	$ –	$ 3,874	$ –	$ 3,874	$ 2,700	$ 1,174
Non-Budgetary Disbursements							
Intergovernmental Relationships and Partnerships	1,000	–	1,000	–	1,000	1,000	–
	$ 1,000	$ –	$ 1,000	$ –	$ 1,000	$ 1,000	$ –

(a) Adjustments include dedicated revenue shortfall.

(b) Supplementary Estimates of $2,500 were approved on December 7, 2007, and Special Warrant of $103,700 was approved on March 18, 2008. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(c) Includes achievement bonus amounting to $1,860.

salary and benefits disclosure

SCHEDULE 6

Year ended March 31, 2008
(in thousands)

	2008				2007
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Year-End Total	Year-End Total
Deputy Minister[4][5]	$ 230,520	$ 70,656	$ 56,392	$ 357,568	$ 315,276
Assistant Deputy Ministers					
Environmental Assurance Division[6]	164,736	58,984	40,655	264,375	209,478
Environmental Stewardship Division	156,384	24,958	36,980	218,322	213,032
Environmental Management Division	155,592	24,839	38,320	218,751	205,064
Oil Sands Environmental Management Division	164,796	32,063	42,060	238,919	34,479
Executive Directors					
Finance and Administration Division	110,664	18,100	28,530	157,294	25,632
Strategic Planning Secretariat	123,636	20,045	34,478	178,159	26,942
People Services	126,804	20,521	32,948	180,273	164,930

(1) Base salary includes regular base pay.
(2) Other cash benefits include bonuses, vacation payouts, overtime and lump sum payments.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.
(4) Automobile provided, no dollar amount included in benefits and allowances.
(5) The incumbent has moved to the Department of Energy as Deputy Minister effective March 13, 2008. The bonus amount reflected in other cash benefits has now been accrued by the Department of Energy. For purposes of disclosure, the move is assumed to have taken place April 1, 2008.
(6) The incumbent has moved to the Department of Agriculture and Rural Development as Deputy Minister effective March 13, 2008. The bonus amount reflected in other cash benefits has been accrued by the Department of Agriculture and Rural Development. For purposes of disclosure, the move is assumed to have taken place April 1, 2008.

related party transactions

SCHEDULE 7

Year ended March 31, 2008
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2008	2007
Revenue		
Internal Government Transfers	$ 1,934	$ 2,566
Expenses - Directly Incurred		
Grants	$ 3,075	$ 110
Other Services	5,387	5,585
	$ 8,462	$ 5,695
Tangible Capital Assets Transferred	$ 11,138	$ 20,975
Payable to	$ 3,807	$ 196
Receivable from	$ 515	$ 694

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not recorded in the financial statements.

	Other Entities	
	2008	2007
Expenses – Incurred by Others		
Accomodation	$ 6,804	$ 6,439
Legal	2,685	2,293
Water Management Infrastructure Maintenance	4,785	6,598
Shared Services	2,819	2,716
	$ 17,093	$ 18,046

allocated costs

SCHEDULE 8

Year ended March 31, 2008
(in thousands)

	2008									2007
		Expenses - Incurred by Others				Valuation Adjustments				
Program	Expenses[1]	Accomodation Costs[2]	Legal Services[3]	Water Management Infrastructure Maintenance	Shared Services	Vacation Pay[4]	Doubtful Accounts	Remediation and Reclamation	Expenses	Expenses
Ministry Support Services	$ 13,831	$ 657	$ 131	$ -	$ 2,819	$ (182)	$ 9	$ -	$ 17,265	$ 16,820
Drinking Water	1,020	71	19	-	-	43	-	-	1,153	1,824
Monitoring and Evaluation	14,457	720	199	-	-	12	-	-	15,388	17,828
Standards	6,800	309	62	-	-	114	-	-	7,285	6,201
Climate Change	4,919	142	38	-	-	(27)	-	-	5,072	3,371
Innovation and Policy	2,501	40	109	-	-	(533)	-	-	2,117	12,588
Integrated Information Solutions	5,908	230	17	-	-	258	-	-	6,413	3,816
Reclamation and Emergency Preparedness	1,434	-	-	-	-	(4)	-	-	1,430	2,070
Intergovernmental Relationships and Partnerships	24,483	253	53	-	-	159	-	-	24,948	12,315
Educational Awareness	4,285	182	79	-	-	33	-	-	4,579	9,161
Water for Life	12,781	198	111	-	-	110	-	-	13,200	8,506
Integrated Resource Management	14,455	720	257	-	-	322	-	-	15,754	6,788
Approvals	19,555	1,400	574	-	-	143	-	(12)	21,660	14,406
Compliance and Enforcement	10,112	775	356	-	-	115	-	-	11,358	10,259
Water Operations	101,073	775	601	4,785	-	311	-	-	107,545	19,381
Emergency Response	1,744	95	60	-	-	94	-	-	1,993	1,040
Amortization of Tangible Capital Assets	19,686	-	-	-	-	-	-	-	19,686	19,048
Oil Sands Innovation and Policy	3,406	237	10	-	-	301	-	-	3,954	-
Oil Sands Operations	3,000	-	9	-	-	-	-	-	3,009	3,825
	$ 265,452	$ 6,804	$ 2,685	$ 4,785	$ 2,819	$ 1,269	$ 9	$ (12)	$ 283,811	$ 169,247

(1) Expenses - Directly incurred as per Statement of Operations, excluding valuation adjustments.
(2) Costs shown for Accomodation on Schedule 7, allocated by budgeted Full-Time Equivalent Employment.
(3) Costs shown for Legal Services on Schedule 7, allocated by estimated costs by each program.
(4) Valuation Adjustments as per Statement of Operations. Vacation Pay is allocated by employee.

climate change and emissions management fund financial statements

year ended March 31, 2008 (unaudited)

statement of operations

Year ended March 31, 2008
(unaudited)
(in thousands)

	2008	
	Budget (Note 5)	Actual
Revenues (Notes 2 and 4)		
Purchase of CCEMF Credits by Sector		
Mining, Oil and Gas Extraction	$ –	$ 12,146
Utilities	–	19,257
Manufacturing	–	3,733
Transportation and Warehousing	–	4,949
Waste Management and Remediation	–	131
Total Revenues	–	40,216
Expenses		
Administration	–	–
Climate Change and Emissions Management	–	–
Total Expenses	–	–
Net Operating Results	$ –	$ 40,216

The accompanying notes and schedules are part of these financial statements.

statement of financial position

As at March 31, 2008
(unaudited)
(in thousands)

		2008
ASSETS		
Cash	$	35,576
Accounts Receivable (Note 3)		4,640
	$	40,216
LIABILITIES		
Accounts Payable and Accrued Liabilities	$	-
		-
NET ASSETS		
Net Assets at Beginning of Year		-
Net Operating Results		40,216
Net Assets at End of Year		40,216
	$	40,216

The accompanying notes and schedules are part of these financial statements.

statement of cash flow

Year ended March 31, 2008
(unaudited)
(in thousands)

		2008
Operating Transactions		
Net Operating Results	$	40,216
		40,216
Increase in Accounts Receivable		(4,640)
Cash Applied to Operating Transactions		35,576
Increase in Cash		35,576
Cash, Beginning of Year		–
Cash, End of Year	$	35,576

The accompanying notes and schedules are part of these financial statements.

Year ended March 31, 2008 (unaudited) (in thousands)

notes to the financial statements

NOTE 1
AUTHORITY AND PURPOSE

Climate Change and Emissions Management Fund (CCEMF) operates under the authority of the *Climate Change and Emissions Management Act*, Chapter C-16.7.

The CCEMF may be used only for purposes related to reducing emissions of specified gases or improving Alberta's ability to adapt to climate change.

NOTE 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. The PSAB financial presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of CCEMF's activities.

(a) Reporting Entity

The reporting entity is the CCEMF for which the Minister of Environment is accountable. All cash receipts of the CCEMF are deposited into the Consolidated Cash Investment Trust Fund.

(b) Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund which is managed by the Province of Alberta to provide competitive interest income while maintaining maximum security and liquidity.

(c) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting, except that an estimate was not made of the revenues owing for the period January 1 to March 31.

Revenues are primarily from the purchase of fund credits ($15 per tonne) used in meeting net emissions intensity limits.

Assets

Financial assets of the CCEMF are comprised of cash, receivables and interest income.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the CCEMF and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, and accounts receivable, are estimated to approximate their carrying values because of the short term nature of these instruments.

notes to the financial statements Year ended March 31, 2008 (unaudited) (in thousands)

NOTE 3
ACCOUNTS RECEIVABLE

	2008		
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value
Mining, Oil and Gas Extraction	$ 2,063	$ –	$ 2,063
Manufacturing	2,446	–	2,446
Waste Management and Remediation	131	–	131
	$ 4,640	$ –	$ 4,640

NOTE 4
REVENUES

The section of the Climate Change and Emissions Management Act establishing the CCEMF came into force on April 20, 2007. The Specified Gas Emitters Regulation was made effective as of June 27, 2007. Under this regulation, facilities emitting more than 100,000 tonnes of greenhouse gases a year are required to reduce their emissions intensity for the period July 1 to December 31, 2007 (2007 compliance period) and subsequent compliance periods according to the target limits specified in the regulation. Facilities can make their reductions through improvements to their operations, by purchasing Alberta-based offsets or emission performance credits, or by purchasing CCEMF credits for $15 per tonne.

Revenues recorded in the CCEMF represent the credits purchased by facilities for the 2007 compliance period.

The facilities were required to report the amounts owing for the 2007 compliance period by March 31, 2008. At the time of publishing these financial statements, the ministry was still in the process of verifying completeness, accuracy and compliance with legislation for the amounts reported as owing by the facilities. The ministry will request the Auditor General to audit this financial statement when these processes have been completed.

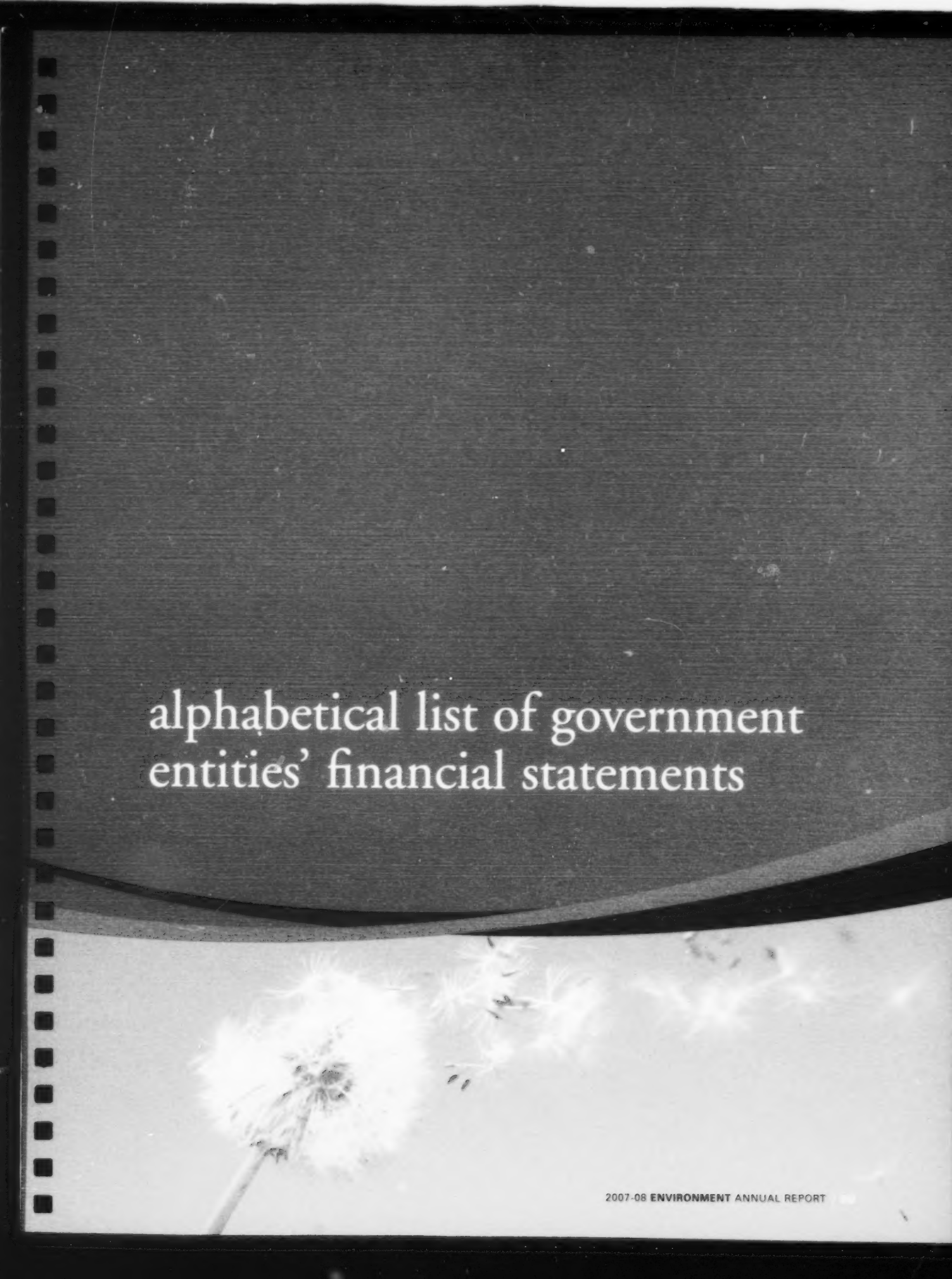
NOTE 5
BUDGET

The CCEMF was established by section 10 of the *Climate Change and Emissions Management Act*. Proclamation of this section and related regulations had not been issued prior to commencement of the fiscal year. Consequently, budget information was not available. The government included a revenue forcast of $63 million for the CCEMF in the Quarterly Fiscal Updates to the Budget.

NOTE 6
APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

alphabetical list of government entities' financial statements



alphabetical list of entities' financial statements in ministry 2007-08 annual reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency • Ministry Annual Report

Access to the Future Fund • Advanced Education and Technology
Agriculture Financial Services Corporation • Agriculture and Food
Alberta Alcohol and Drug Abuse Commission • Health and Wellness
Alberta Cancer Prevention Legacy Fund • Finance
Alberta Capital Finance Authority • Finance
Alberta Energy and Utilities Board[1] • Energy
Alberta Foundation for the Arts • Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission • Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund • Finance
Alberta Heritage Savings Trust Fund • Finance
Alberta Heritage Scholarship Fund • Finance
Alberta Heritage Science and Engineering Research Endowment Fund • Finance
Alberta Historical Resources Foundation • Tourism, Parks, Recreation and Culture
Alberta Insurance Council • Finance
Alberta Investment Management Corporation[2] • Finance
Alberta Local Authorities Pension Plan Corporation • Finance
Alberta Pensions Administration Corporation • Finance
Alberta Petroleum Marketing Commission • Energy
Alberta Research Council Inc. • Advanced Education and Technology
Alberta Risk Management Fund • Finance
Alberta School Foundation Fund • Education
Alberta Securities Commission • Finance
Alberta Social Housing Corporation • Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation • Tourism, Parks, Recreation and Culture
Alberta Treasury Branches • Finance
Alberta Utilities Commission[1] • Energy
ATB Insurance Advisors Inc. • Finance
ATB Investment Management Inc. • Finance
ATB Investment Services Inc. • Finance
ATB Securities Inc. • Finance

1 Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.
2 Began operations January 1, 2008

alphabetical list of entities' financial statements in ministry 2007-08 annual reports

Child and Family Services Authorities • Children's Services
- Calgary and Area Child and Family Services Authority
- Central Alberta Child and Family Services Authority
- East Central Alberta Child and Family Services Authority
- Edmonton and Area Child and Family Services Authority
- North Central Alberta Child and Family Services Authority
- Northeast Alberta Child and Family Services Authority
- Northwest Alberta Child and Family Services Authority
- Southeast Alberta Child and Family Services Authority
- Southwest Alberta Child and Family Services Authority
- Metis Settlements Child and Family Services Authority

C-FER Technologies (1999) Inc. • Advanced Education and Technology
Climate Change and Emissions Management Fund[3] • Environment
Credit Union Deposit Guarantee Corporation • Finance
Colleges • Advanced Education and Technology
- Alberta College of Art and Design
- Bow Valley College
- Grande Prairie Regional College
- Grant MacEwan College
- Keyano College
- Lakeland College
- Lethbridge Community College
- Medicine Hat College
- Mount Royal College
- NorQuest College
- Northern Lakes College
- Olds College
- Portage College
- Red Deer College

Department of Advanced Education and Technology • Advanced Education and Technology
Department of Agriculture and Food • Agriculture and Food
Department of Children's Services • Children's Services
Department of Education • Education
Department of Energy • Energy
Department of Finance • Finance
Department of Environment • Environment
Department of Health and Wellness • Health and Wellness
Department of Municipal Affairs and Housing • Municipal Affairs and Housing
Department of Seniors and Community Supports • Seniors and Community Supports
Department of Solicitor General and Public Security • Solicitor General and Public Security
Department of Sustainable Resource Development • Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture • Tourism, Parks, Recreation and Culture

3 Began operations July 1, 2007.

alphabetical list of entities' financial statements in ministry 2007-08 annual reports

Energy Resources Conservation Board[1] • Energy
Environmental Protection and Enhancement Fund • Sustainable Resource Development
Gainers Inc. • Finance
Government House Foundation • Tourism, Parks, Recreation and Culture
Historic Resources Fund • Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund • Tourism, Parks, Recreation and Culture
iCORE Inc. • Advanced Educatic n and Technology
Lottery Fund • Solicitor General and Public Security
Ministry of Advanced Education and Technology • Advanced Education and Technology
Ministry of Agriculture and Food • Agriculture and Food
Ministry of Children's Service • Children's Services
Ministry of Education • Education
Ministry of Employment, Immigration and Industry[4] • Employment, Immigration and Industry
Ministry of Energy • Energy
Ministry of Environment • Environment
Ministry of Executive Council[4] • Executive Council
Ministry of Finance • Finance
Ministry of Health and Wellness • Health and Wellness
Ministry of Infrastructure and Transportation[4] • Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations[4] • International, Intergovernmental and Aboriginal Relations
Ministry of Justice[4] • Justice
Ministry of Municipal Affairs and Housing • Municipal Affairs and Housing
Ministry of Seniors and Community Supports • Seniors and Community Supports
Ministry of Service Alberta[4] • Service Alberta
Ministry of Solicitor General and Public Security • Solicitor General and Public Security
Ministry of Sustainable Resource Development • Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture • Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board[4] • Treasury Board
N.A. Properties (1994) Ltd. • Finance
Natural Resources Conservation Board • Sustainable Resource Development
Persons with Developmental Disabilities Community Boards • Seniors and Community Supports
- Calgary Region Community Board
- Central Region Community Board
- Edmonton Region Community Board
- Northeast Region Community Board
- Northwest Region Community Board
- South Region Community Board

1 Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.
4 Ministry includes only the departments so separate departmental financial statements are not necessary.

alphabetical list of entities' financial statements in ministry 2007-08 annual reports

Persons with Developmental Disabilities Provincial Board[5] • Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund • Finance
Regional Health Authorities and Provincial Health Boards • Health and Wellness
- Alberta Cancer Board
- Alberta Mental Health Board
- Aspen Regional Health Authority
- Calgary Health Region
- Capital Health
- Chinook Regional Health Authority
- David Thompson Regional Health Authority
- East Central Health
- Health Quality Council of Alberta
- Northern Lights Health Region
- Peace Country Health
- Palliser Health Region

Safety Codes Council • Municipal Affairs and Housing
School Boards and Charter Schools • Education
- Almadina School Society
- Aspen View Regional Division No. 19
- Aurora School Ltd.
- Battle River Regional Division No. 31
- Black Gold Regional Division No. 18
- Boyle Street Education Centre
- Buffalo Trail Public Schools Regional Division No. 28
- Calgary Arts Academy Society
- Calgary Girls' School Society
- Calgary Roman Catholic Separate School District No. 1
- Calgary School District No. 19
- Calgary Science School Society
- Canadian Rockies Regional Division No. 12
- CAPE-Centre for Academic and Personal Excellence Institute
- Chinook's Edge School Division No. 73
- Christ the Redeemer Catholic Separate Regional Division No. 3
- Clearview School Division No. 71
- East Central Alberta Catholic Separate Schools Regional Division No. 16
- East Central Francophone Education Region No. 3
- Edmonton Catholic Separate School District No. 7
- Edmonton School District No. 7
- Elk Island Catholic Separate Regional Division No. 41

5 Ceased operations June 30, 2006

alphabetical list of entities' financial statements in ministry 2007-08 annual reports

School Boards and Charter Schools • Education (continued)

Elk Island Public Schools Regional Division No. 14
Evergreen Catholic Separate Regional Division No. 2
FFCA Charter School Society
Foothills School Division No. 38
Fort McMurray Roman Catholic Separate School District No. 32
Fort McMurray School District No. 2833
Fort Vermilion School Division No. 52
Golden Hills School Division No. 75
Grande Prairie Public School District No. 2357
Grande Prairie Roman Catholic Separate School District No. 28
Grande Yellowhead Regional Division No. 35
Grasslands Regional Division No. 6
Greater North Central Francophone Education Region No. 2
Greater Southern Public Francophone Education Region No. 4
Greater Southern Separate Catholic Francophone Education Region No. 4
Greater St. Albert Catholic Regional Division No. 29
High Prairie School Division No. 48
Holy Family Catholic Regional Division No. 37
Holy Spirit Roman Catholic Separate Regional Division No. 4
Horizon School Division No. 67
Lakeland Roman Catholic Separate School District No. 150
Lethbridge School District No. 51
Living Waters Catholic Regional Division No. 42
Livingstone Range School Division No. 68
Medicine Hat Catholic Separate Regional Division No. 20
Medicine Hat School District No. 76
Moberly Hall School Society
Mother Earth's Children's Charter School Society
New Horizons Charter School Society
Northern Gateway Regional Division No. 10
Northern Lights School Division No. 69
Northland School Division No. 61
Northwest Francophone Education Region No. 1

alphabetical list of entities' financial statements in ministry 2007-08 annual reports

School Boards and Charter Schools • Education (continued)
- Palliser Regional Division No. 26
- Parkland School Division No. 70
- Peace River School Division No. 10
- Peace Wapiti School Division No. 76
- Pembina Hills Regional Division No. 7
- Prairie Land Regional Division No. 25
- Prairie Rose School Division No. 8
- Red Deer Catholic Regional Division No. 39
- Red Deer School District No. 104
- Rocky View School Division No. 41
- St. Albert Protestant Separate School District No. 6
- St. Paul Education Regional Division No. 1
- St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38
- Sturgeon School Division No. 24
- Suzuki Charter School Society
- Westmount Charter School Society
- Westwind School Division No. 74
- Wetaskiwin Regional Division No. 11
- Wild Rose School Division No. 66
- Wolf Creek School Division No. 72

Supplementary Retirement Plan Reserve Fund • Finance

Technical Institutes and The Banff Centre • Advanced Education and Technology
- Northern Alberta Institute of Technology
- Southern Alberta Institute of Technology
- The Banff Centre for Continuing Education

Universities • Advanced Education and Technology
- Athabasca University
- The University of Alberta
- The University of Calgary
- The University of Lethbridge

Victims of Crime Fund • Solicitor General and Public Security

Wild Rose Foundation • Tourism, Parks, Recreation and Culture

alphabetical list of entities' financial statements in ministry 2007-08 annual reports

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency • Ministry Annual Report

Alberta Foundation for Health Research • Advanced Education and Technology
Alberta Heritage Foundation for Medical Research • Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research • Advanced Education and Technology
Alberta Teachers' Retirement Fund Board • Education
Improvement Districts' Trust Account • Municipal Affairs and Housing
Local Authorities Pension Plan • Finance
Long-Term Disability Income Continuance Plan – Bargaining Unit • Service Alberta
Long-Term Disability Income Continuance Plan – Management, Opted Out and Excluded • Service Alberta
Management Employees Pension Plan • Finance
Provincial Judges and Masters in Chambers Pension Plan • Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan • Finance
Public Service Management (Closed Membership) Pension Plan • Finance
Public Service Pension Plan • Finance
Special Areas Trust Account • Municipal Affairs and Housing
Special Forces Pension Plan • Finance
Supplementary Retirement Plan for Public Service Managers • Finance
Workers' Compensation Board • Employment, Immigration and Industry

Alberta Environment is having a meaningful impact on how Albertans interact with the natural world through progressive legislation, policies and a dedicated staff.

This annual report is printed on chlorine-free paper made from 100 per cent post-consumer fibre. In choosing this paper, Alberta Environment saved 18,598 litres of water, prevented 404 kilograms of greenhouse gas emissions, conserved 10 trees and diverted 205 kilograms of waste from Alberta landfills. The paper was produced using wind power, which prevented 210 kilograms of air emissions and saved the use of 28 cubic metres of natural gas.

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